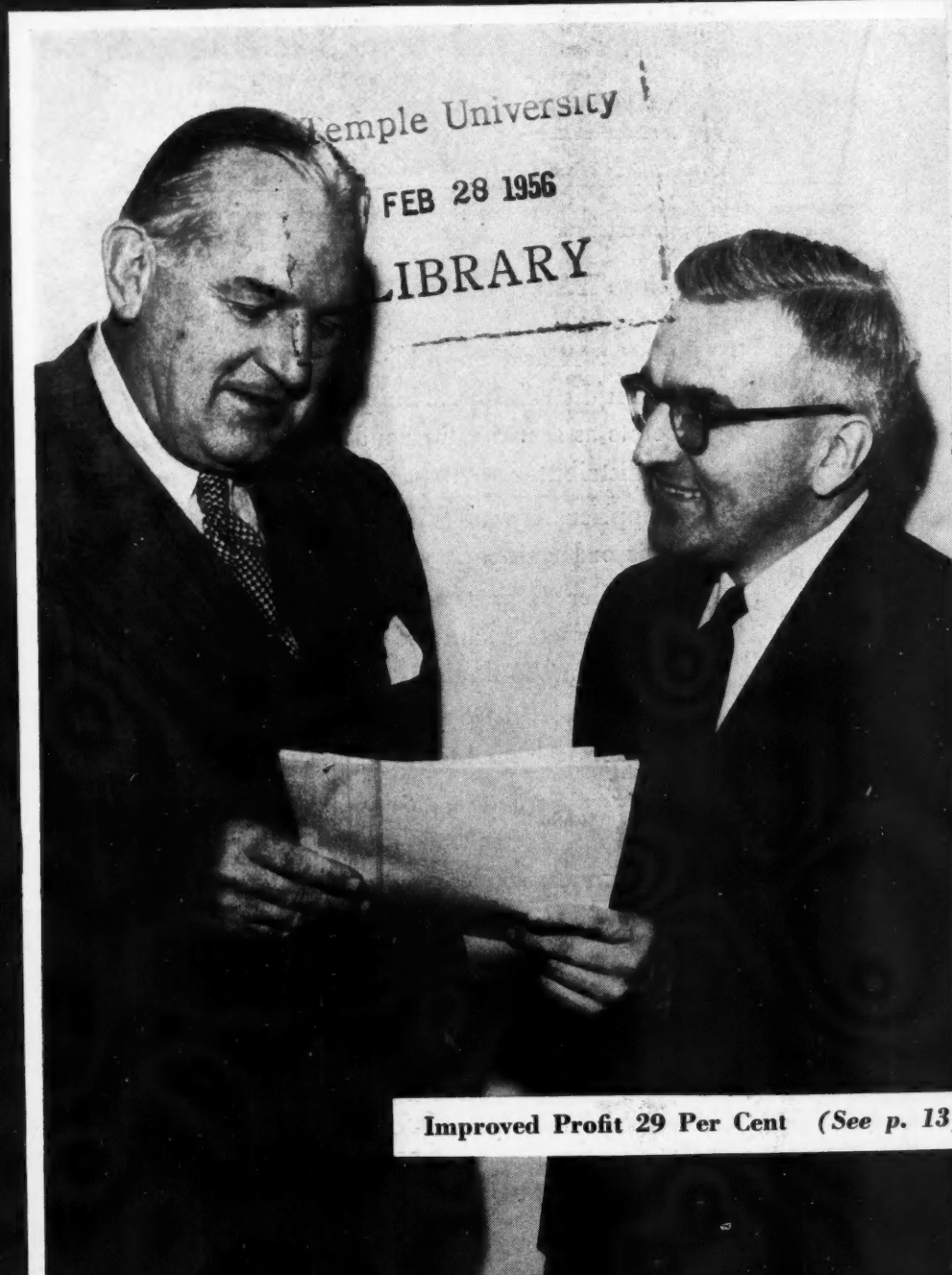


MARCH, 1956

# FINANCIAL MANAGEMENT



Improved Profit 29 Per Cent (See p. 13)

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## IN THE NEWS

J. D. ZELLERBACH, president and director of Crown Zellerbach Corporation, San Francisco, is now chairman of the Committee for Economic Development succeeding Meyer Kestnbaum, president of Hart Schaffner & Marx, who resigned the C.E.D. chairmanship on appointment as special assistant to President Eisenhower.

FRAZIER S. WILSON, manager, insurance division, United Air Lines, Chicago, is the new president of the American Society of Insurance Management.

FOREST A. HEATH, vice president of J. S. Frelinghuysen Corporation, New York, has been appointed chairman of the Y.M.C.A. fund-raising campaign in New York City.

LLOYD MOREY, certified public accountant and president emeritus of the University of Illinois, and SAUL LEVY, New York CPA, received the 1955 awards for outstanding service to the accounting profession from the American Institute of Accountants.

HARRY C. QUAST, credit manager, Allied Research Products, Inc., Baltimore, has been elected president of the Stevenson Improvement Association.

HENRY F. CHADEAYNE, treasurer, General American Life Insurance Co., has been named research committee chairman on the Citizens Committee for City-County Coordination in St. Louis.

ORVILLE B. TEARNEY, manager of credits and corporate insurance, Inland Steel Company, Chicago, officiated at the American Management Association workshop seminar on modern corporate insurance management.

R. GORDON WENDT, general credit manager of Hinde and Dauch, Sandusky, Ohio, was named to head the Sandusky Community Chest central division industrial group.

MRS. BETH M. THOMPSON, Miami, was elected president of the Dade County Chapter of the Florida Institute of C.P.A.'s.

## This ad concerns every bank

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It's better, safer, and cheaper to  
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had an accident... that you have  
good insurance, solid protection

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insurance—sold only through  
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and brokers. There's one near  
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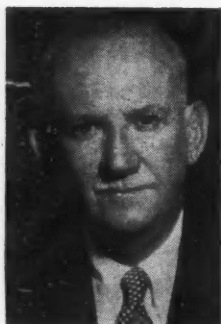
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## EDITORIAL

*Henry H. Heimann*  
Executive Vice-President

### *Flood Insurance*

CONGRESS has spent many hours debating the measure of foreign aid we should give to our friends in the free world. Since experience has proved that our helpfulness in those directions is not always conducive to winning warm and secure friends, it is well that these matters be thoroughly re-appraised and re-evaluated.

Our own people, who have been the victims of floods or other disasters from year to year, could logically ask: Why not spend some of these billions for our protection? Each year about this time certain sections of our country are visited by floods that leave havoc and inestimable damage in their wake. Annually many lives are needlessly lost due to these disasters.

*It would seem to be the first duty of a government to protect its own people and its own country. Insofar as possible, it could then use a part of its excess energy, material and money, if it has any, to lend a helping hand elsewhere. Little sound argument can be made that we should contribute billions to people abroad, year after year, when we have a need for large amounts to insure our own safety and economic welfare.*

The question sometimes is answered by saying that the cost of protecting various sections of the country against these disasters would be prohibitive. Of one fact you can be certain: the cost of this needed protection would be only a fraction of the amount we are spending and have spent in foreign aid.

Let us hope that the law-makers give some thought to domestic aid while passing out sums for foreign aid. If they do this we shall still be helping foreign countries that are so dependent on our product and our economic welfare. Floods have reduced the surplus products available abroad. More importantly, however, we would be giving needed attention to our own family. To do this would make for a stronger nation. In addition, it would make for the best type of flood insurance.



## THE MARCH COVER

**P**ROFIT improvement is everyone's business, especially in days of sharpened competition, high taxes, increased costs of materials and greater outlay for labor services.

How a well-planned and unwaveringly executed program for profit improvement brought better than dreamed results at Pitney-Bowes, Inc., is told on page 13 by John O. Nicklis, secretary and treasurer of the Stamford, Conn., company, which makes postage meters and other business machines.

Walter H. Wheeler, Jr. (left),



president of Pitney-Bowes, took an active part in the program from the beginning, with straightforward, inspiring messages to management, workers and community.

Mr. Wheeler, who is 58, became president 17 years ago after serving at various production, sales and administrative posts.

Graduate of Worcester Academy and Harvard, where in football he won All-American mention as a tackle, Mr. Wheeler received the Croix de Guerre and the Navy Cross in World War I. For four years of World War II he was on the War Production Board's staff.

Besides membership on the Department of Commerce business advisory council and other national committees, he is a national councillor of the U. S. Chamber of Commerce, a founding trustee of the Council of Profit Sharing Industries, finance committeeman of the Council for Economic Development, and a director of a number of companies.

Mr. Nicklis, who described the Pitney-Bowes program to the Office Equipment Management Institute, only recently was advanced from treasurer and assistant secretary to his present position.

**CREDIT  
and**

# FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY \* FINANCE \* COMMERCE

General Manager, Edwin B. Moran

Official Publication of The National Association of Credit Men

**VOLUME 58**

**NUMBER 3**

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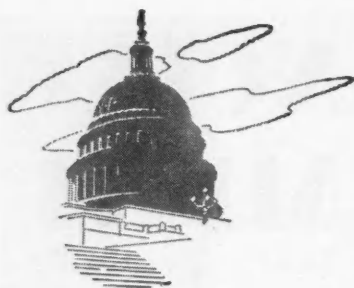
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# Washington

¶ SPEND, spend, spend—Tax, tax, tax—POLITICS, politics, politics! An election year puts all that together into a sort of cat-o-nine-tails to whip the economy for votes. There's nothing new in this question: If prosperous years are not the ones in which to shave the Federal debt, and, after that, if income warrants, possibly lift a milligram or so of the tax burden, then when is the time? Or has Pollyanna economics written off lean years forever? Joseph's coat, come to think of it, didn't have any political coloration.

Nevertheless, there's still something grimly amusing in the helter-skelter dashings with this and that bill or resolution to "refund" or "forgive" a piece of income tax or even bodily reduce the rates, the while proposed new ways to increase the national indebtedness find so many willing ears.

¶ NOR is there any statistical support for the popular misconceptions of business survival. Of course there never was any basis in fact to believe that prosperous times insure survival of the individual new business. Actually, there's a genuinely high rate of mortality, with the odds five to one against a new business lasting ten years.

That's what the Department of Commerce has come up with, in a new phase of its continuing study of the business population of the nation. The first survey had shown at the overall level that businesses in the 1944-54 period had not indicated any marked deviations from a total of 4.2 millions.

A digression. Life expectancy among new wholesale companies is considerably higher than among new retail establishments. Three-fourths of new wholesale concerns got through their first year of operation and 30 per cent were still at it at the turn of 10 years. Sixty per cent of retailers survived a year but only one-sixth were in business under the original ownership after a decade.

One important detail to be noted in studying the report involves definitions. In the Department's analytical setup, if a business changes ownership or is reorganized, it is listed as a case of new business and transfer, a new company for the purposes of the survey. In the survival totals it is placed with those liquidated.

With this measurement it was found that the median age of business is seven years, that the

odds were even that a new company organized in the 1944-54 period would last two years, and thereafter the tendency was to continue five years more, or longer. The longer in business the longer the tendency to keep going. (Note: sale or liquidation does not necessarily mean failure. Many businesses are given up because of owner illness or retirement, or turn to another field.)

Of the 12 million businesses that were in operation in at least a part of the 1944-54 period, 7,800,000 went out of that category, 60 per cent by sale, reorganization or transfer, 40 per cent by liquidation. Of 690,000 new companies set up in 1944 only 133,000 remained in business at the end of 1954.

So, of the entire business population only 54.5 per cent can be expected to survive 1½ years, 25 per cent six years, 19 per cent for 10½ years.

¶ AS FOR BANKRUPTCIES—the increase in total cases filed for the Government fiscal year ended June 30, 1955, may also be surprising to many, especially in these days when the emphasis is so emphatically upon the roseate hues of the economy. Actually the trend has accelerated in each postwar year except 1952.

In fiscal 1955 there were 59,404 cases filed, 6268 more than in 1954, and 13,049 over 1953, 26,012 over the 1950 figures.

As for the kinds of cases, of the 52,240 closed last year there were 6320 asset cases, 4713 nominal assets (some assets over exemptions but all used up in paying costs of administration), 30,958 with no assets, 4710 cases administered under the special relief section of the law, and 5539 cases dismissed.

Net average proceeds realized per case showed a drop while the cost of administration followed the familiar pattern of increasing. In the 6320 assets cases closed last year, net proceeds were \$38,380,830, compared with \$34,623,745 for the 5062 closed in 1954. Administration cost went up from 25.6 per cent in 1954 to 26.6 per cent in '55. Average realization per case was \$6,072 contrasted with \$6,839 in 1954.

Of the 59,404 cases, 383 were farmers; 46,163 employees; 217 professional; 4056 others not in business; 3317 merchants; 750 manufacturers, 4515 others in business.

Incidentally, here's a real challenge to business to make use of adjustment and collection services,



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SUIAP *IS* the *Simplified Unit Invoice Accounting Plan*, a visible *accounts receivable* system that abolishes hand or machine-posted ledger records—reducing accounting costs and increasing efficiency. Positive visible signal control of credit and collections —“gets the money in!” Vital accounts receivable asset is under 24-hour protection against loss by fire—at point-of-use!

Hundreds of top executives, in nearly every type of business have investigated and switched to “money-saving” SUIAP. An eastern manufacturer has been saving \$22,000 annually *from the very first year* SUIAP was installed . . . a midwestern industrial distributor saves \$10,000.

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***Remington Rand***  
DIVISION OF SPERRY RAND CORPORATION





# How Vital for Credit

## Good to See Provision on Balance Sheet But—

**TAXES!** Year-round impingement upon business operations, in countless instances spelling out the difference between profit and loss on the year's books, taxes and March are unhappily and indelibly twinned in the financial mind of the nation, even though this year the link is stretched into April so far as income tax deadlines are concerned.

Hence particularly apropos is the question of the significance of the Reserve for Taxes column on the balance sheet.

*Credit and Financial Management* presented to representative executives a three-pronged query: (1) What value do you place upon a balance sheet that does not show a reserve for taxes? (2) What steps do you take to determine whether or not to extend a line of credit to a new applicant in such a case? (3) How do you go about advising an otherwise potentially favorable customer on the importance of including this information?

In the replies published on this and the following pages and in the April issue, financial leaders draw the distinctions between types of operations—corporations, partnerships, etc.—and then proceed to share the results of their experiences in this growingly important field of management judgment and decision.—ED.

## Should Advise Customers Lack of Tax Reserve Could Impair Credit



SIDNEY A. STEIN  
*President*  
Congress Factors Corp.  
New York, N.Y.

**G**ENERALLY accepted accounting procedures dictate that reserves for corporate taxes be set up, and this is true whether the figures are submitted for management use or for credit purposes. It is improper not to specify that fact in the report itself or at least make some reference to it in the accountant's foot-notes, letter of transmittal or verification form.

Whenever a corporate balance sheet shows profitable operations, particular attention should always be given to tax liability. Of course, when a corporation has a tax loss carry-over, the impact of tax liability on current earnings becomes less severe. When such reserves are not set up, I believe a very important liability has been excluded and it becomes the duty of every credit executive to inquire into same, either directly from the customer or his accountant, whenever feasible.

In the case of a balance sheet of a partnership or sole proprietorship where reserves for taxes are not normally set forth, proper inquiry should nevertheless be made by credit men concerning tax liability, if any.

It is obvious that when the profits indicated are of a fair or substantial nature, the tax liability is commensurately large, and whether the credit

seeker is an old or new customer, definite steps should be taken by the credit grantor to ascertain taxes due, such as mentioned in the foregoing.

A customer that enjoys a good credit standing will always welcome helpful suggestions. Even when profit or loss figures are withheld for competitive reasons, as is often the case, and if the customer's financial statement does not reflect tax reserves, then an inquiry should be made either by a direct visit to the customer or by means of communication with the accountant concerning same.

Credit men should advise their customers that failure to set up a provision for taxes may cast some doubt on the financial statement itself and may also have the ultimate effect of impairing their credit.

## Want Full Detail of Tax Reserve Direct from Every New Account

C. CALLAWAY, JR.  
*Treasurer*  
Crystal Springs Bleachery, Inc.  
Chickamauga, Ga.



**T**HE majority of customers we sell are corporations, and in most instances tax reserves, including Federal and State income taxes, appear on the balance sheet. We of course place considerable value on the figure. If it does not appear we assume, insofar as income taxes are concerned, that the operations were unprofitable.

In the case of partnership statements, an income tax figure seldom appears. If it seems to us that a substantial

# **s Reserve for Tax?**

## **-t's No Guaranty The Tax Liability Is Covered**

withdrawal from the partnership funds for taxes would affect the smooth operation of the business, we would in that instance ascertain the figure direct.

Proprietorship statements invariably reveal the tax liability.

**We maintain comparative figures for a number of years on each account. If these statements reflect considerable progress, and the working capital position and other pertinent items are in proper alignment, with favorable bank and trade support, we do not insist on the figure being divulged, although, as I have mentioned, such a situation is the exception rather than the rule.**

Another thing that has considerable weight with us is whether or not the account is a new one or one we have been serving for a number of years. If it is a new account, we would want full details with reference to the tax reserves. In that event we would request the information either through one of the reporting agencies, or direct, preferably the latter. Where we have requested this information we do not recall that it has not been readily supplied.

To answer your question specifically, we feel that the tax reserve items are very important. Since they do appear in most instances in the balance sheets we review, it is not a major problem with us, but I am sure in some lines the figure is omitted and would be considered a most important factor in determining the advisability of extending credit.

## **Penalties and Pressure for Taxes Make Stern Evaluation Necessary**



**J. L. KAISER**  
*Credit Manager*  
Dan River Mills, Inc.  
New York, N.Y.

**G**ENERALLY speaking, there are between 15 and 25 different kinds of taxes which the business man of today must be aware of and concerned with, the number depending upon his line of business and geographical location. There are, however, no exceptions to federal income taxes and social security or withholding taxes, to which all businesses are subject. Recent firsthand experiences, with businesses in an embarrassed financial position, have focused attention on unpaid Federal and State income taxes, especially of the withholding tax classification.

Because of the priority nature of such obligations,

which in a great many instances appear to be used as working capital with the hope of payment at a later date, a balance sheet which not only fails to list a reserve for these items but does not age the amounts due by quarters, or in the case of Federal income taxes does not indicate the years for which clearances have been obtained, is obviously subject to stern evaluation and discount proportionate to capital and volume.

**This is particularly pertinent at present, in view of the emphasis and pressure being directed to these obligations by the various tax authorities. Businesses that have not paid these taxes with reasonable promptness, or are in arrears for any period of time, may be subject not only to full and immediate assessment but to a heavy penalty as well. In some cases to my knowledge, this could have a dire effect on working capital and hence on paying ability.**

It should be emphasized strongly that the mere setting up of the appropriate reserve is not sufficient. The taxes should have been paid as well, in order to afford the credit executive a true picture. Penalty assessments by the authorities are no longer mere idle talk!

Determination of a credit line to a company which has not set up appropriate tax reserves is much more difficult in the case of an established account than a new applicant. In the former there is a performance record, a history, which the credit executive cannot afford to disregard. He cannot terminate or reduce the relationship if he is to retain the customer's goodwill and remain in the good graces of his sales department and management. Rather, he must approach the subject diplomatically with his customer, or with the customer's accountant, explain the problem, and cooperate in a spirit of trust and confidence.

In the case of a new applicant the approach may be firmer, but still tactful. The credit executive may list a number of requisites for the opening of an account, a sort of check list of items to be covered in the interview. He should be careful to include the "reserve for taxes" and point out why it should be prominently indicated on the balance sheet. If other factors, such as the relationship of current assets and other current liabilities, and the operating statement, are considered acceptable, information obtained on the status of the tax liability may permit the credit executive to arrive at a fair credit line despite absence of a status reserve for taxes.

By proper approach the credit executive can convince the customer of the importance of including this information. First gain his confidence by assuring him that you are interested in him and his business; that you have a desire to service his account, that in helping him to understand his obligations you are also helping him to establish his credit with other potential resources. Prove to him that a little extra time spent with you will save him considerable time in his interviews with other credit executives and his bank, and will make credit more freely available. He will be grateful. *(Turn to next page)*



## Was Statement Certified? That's His First Question; Tact Needed



ROBERT R. BARTLETT

*Credit Manager*  
L. P. Muller & Co.  
Philadelphia, Pa.

**F**AILURE of a balance sheet to include a reserve for taxes requires more detailed investigation and caution in determining credit responsibility, but should not, *per se*, eliminate the applicant from favorable consideration.

The thoughtful analyst obviously cannot ignore the effect of taxes on a business, regardless of its size or the type of organization. Calculating tax liability of a corporation is a relatively simple matter once a profit and loss statement has been determined, and the well-prepared corporate balance sheet should show a reserve for taxes, or indicate by appropriate footnote the reason none is set up.

Tax liability for sole proprietorships and partnerships is the responsibility of the individual, but we note with interest the increasing number of proprietorship and partnership balance sheets showing a reserve for taxes. This development reflects the fact that individuals seldom possess liquid assets (outside the business) sufficient to meet accrued tax liability, and the business ultimately must generate the funds with which taxes are paid.

**In summary, we feel the corporate statement should treat the matter positively by showing a reserve for taxes or stating specifically why one does not appear. We think showing a reserve for taxes on partnership and sole proprietorship statements should be encouraged as logical and realistic.**

Were we to receive a corporation balance sheet without a reserve for taxes, and assuming no P & L accompanied the balance sheet, our first check would be as to whether the statement was certified. We attach considerable importance to certification, and assuming the statement were certified, we would be inclined to believe there was a reason for the absence of the reserve rather than to assume an oversight or a deliberate omission.

We would carefully check available credit information for a possible explanation. Of particular interest would be comparative statement figures generally included in agency reports. A check of earned surplus figures for preceding years would establish whether the subject operated profitably, also whether, within the allowable five-year period, net operating losses were sustained which could provide the basis for a loss carry forward. Other sources of information might be the accountant who prepared the statement and the applicant's bank or factor.

**There is nothing particularly sacred about a reserve for taxes, and failure to show a reserve should be considered only in relation to all other information bearing on the credit worthiness of**

the applicant. The credit man soon learns that even on statements showing a reserve for taxes there is no positive assurance that the reserve reflects the tax liability that may be developed by the collector of internal revenue.

The credit executive, as a matter of self interest, must be concerned with the improvement of accounting practices, since the accuracy with which he evaluates a risk can be no greater than the accuracy with which the accounting practices record the business situation. As a general policy, however, we do not advise customers on financial and accounting procedures and as a practical matter we question whether most credit men are in a position so to do. In highly competitive sales situations, even routine credit matters must be handled with finesse or risk the loss of a customer to a competitor whose credit department is more understanding!

## Would Outlaw Calendar Year-End Balance Sheet Lacking Provision

PAUL E. GEORGE

*Financial and Legal  
Relations Manager*  
Columbian Rope Company  
Auburn, N.Y.



**A**SSUMING that a corporation operates on the calendar year basis, its year-end balance sheet should be outlawed if it fails to show a reserve for taxes. Tax liabilities could well be so great that failure to show them could almost be classified as criminal neglect. The effect on my personal evaluation of such a balance sheet is just as great as if the company had failed to list its accounts payable.

The answer to this question, however, would not seem to me to be complete unless we go deeper into the subject than just the matter of showing a reserve for taxes. A balance sheet showing a reserve for taxes may still be entirely inadequate unless there is a pretty obvious indication that liquidity is at a level where the tax liability can be met in the amount and at the time required.

A tax reserve may be only indicative of the extremely deep trouble a company will find itself in when it must pay out cash to settle the tax liability. Taxes come first, both while the company is operating and after the company finds it impossible to operate because of inability to turn assets into the cash necessary to pay off existing tax liabilities.

It is possible to determine from adequate financial information that there may not be a substantial tax liability. It may also be that the financial condition of the company is such that it could, without too much trouble, take care of the tax liability that you estimate it owes.

**Failing in these, the most logical and most practical way of getting the necessary information is to ask the potential customer directly how he stands**



with respect to tax liability and the where-with-all to settle when the tax is due.

Advising an otherwise potentially favorable customer in this particular is but one phase in the long-term broad-scope responsibilities of all of us to educate our fellow businessmen. Unfortunately, there are still many among us who avoid the tax liability aspect of the financial picture. We must try to create an atmosphere in which these questions may be asked without a tendency of either party to flinch. Greater understanding and acceptance of the importance of the credit function may not readily be transferred to a potential customer, but we should take every opportunity to move a step closer to that goal.

Most of my customers also have customers of their own. The problems I have with my customers may be somewhat different in degree, but for the most part they are exactly the same problems a new potential customer is already having with the people to whom he sells. Perhaps experience has forced me to appreciate the significance of a tax reserve, a funded one preferably.

I try to approach my customer, or a potential one, with the idea of learning something from him. I expect to give him in exchange anything I might know that could be interesting and maybe helpful to him. In addition to cross-education between us, I endorse the broader educational efforts of trade organizations, publications, schools, and so on.

Boiled down to essentials, the questions asked can be answered only by EDUCATION.

## Absence of Data Raises Question Whether Operation Was Profitable



FORREST S. DAYTON

*Credit Manager  
Cone Mills, Inc.  
New York, N.Y.*

**A** BALANCE SHEET which does not show a reserve for taxes quite naturally raises the question: Was this a profitable operation? If so, why is no reserve for taxes shown? Of course the details of profit and loss figures are most helpful, but in the absence of them the question is: How does the net worth of the statement under review compare with the one issued the year previous (assuming this is available)? Does the statement of the more recent date show a decrease or an increase in net worth when compared to the former balance sheet? If a decrease is shown, assuming that it is not due to withdrawals, this obviously would explain the reason for no reserve for taxes appearing on the balance sheet.

If a fair size increase in net worth is shown, the customer should be questioned as to whether the increase is due to profitable operations or to an additional investment in the business. If profitable operations brought the in-

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*"The accounting profession has done much to educate the businessman on the benefits of proper accounting procedures. Most businessmen will accept comment and constructive criticism from their accountants that would be bitterly resented coming from the credit department of a supplier."*

*"Some theorists, writers and members of the banquet circuit assign the creditman the role of sitting in judgment over hordes of anxious buyers, all the while passing out gratuitous suggestions of great clarity and stunning logic to grateful customers standing in awed reverence somewhere about the throne! Trouble with this picture is that so many customers haven't read the script and go along thinking they know more about their business than we do!"*

*"Until we get them straightened out on this, many of us, involved in bitterly competitive sales situations, of necessity must leave to the accounting and banking professions the task of improving accounting practices while we do our best with what we have—and hope fervently for the best."*

ROBERT R. BARTLETT

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crease, then an explanation for omitting the reserve for taxes from the balance sheet should be given and the proper reserve figure provided. Should, however, only a nominal increase in net worth be shown, it is reasonable to assume that the balance sheet, though not providing a reserve for taxes, may be relied upon for credit purposes, provided the other items of the statement are in proper relationship.

The value of the balance sheet which does not include a reserve for taxes depends largely upon the relationship of several items appearing on the statement. When the creditman is called upon to extend credit on the basis of a balance sheet which has no reserve for taxes, careful consideration should be given to the following:

(1) **Relationship of the indebtedness to Net Worth.** Is the company's current indebtedness approximately the same as the net worth; is it greater; if so, how much? or is it somewhat less? In the case of the latter, one would be more inclined to give favorable consideration to the extension of credit than if such were not the case.

(2) **How do the cash and accounts receivable compare with the current indebtedness?**

(3) **How do the cash, accounts receivable and inventory compare with the current indebtedness?** In other words, do the current assets show a favorable ratio to current liabilities? If such is the case, here again one would be more willing to extend credit in the absence of a reserve for taxes being shown, than if a proper ratio did not exist.

The absence of a reserve for taxes on an interim statement should not be lost sight of. Frequently the reason given for its omission is that the management or its accountant does not know what the earnings of the business will be for its year's operation. However, the interim statement without this figure, if the company has been operating profitably, is misleading to say the least. It is quite possible, where this omission has occurred, that the credit man will have a great surprise when the company's year-end statement is issued, with a sizable liability as a reserve for taxes, thereby increasing the total indebtedness by that amount and leaving the company's net worth somewhat less than reported on the interim statement.

*(Biographies of discussants on page 42)*

**A**MERICA the land of opportunity. This you have read and heard many times, at all levels of business and industry—and credit.

The heavy machinery industry for industrial processing involves expensive equipment, in our case mostly custom-built for customer specifications. Scientists and engineers come up with ideas involving highly specialized processes which need heavy financial backing. What to do when a customer has the know-how but very limited capital? The case which follows presented the age-old problem of marginal risk.

On a Fall day one of our salesmen in the metropolitan New York area told us of two brothers in their early thirties who had developed and patented a special chemical process and needed custom-built equipment. All they had between them was \$20,000 cash. This, and more, was needed for rental of building, raw materials, payroll, etc. One unit alone would cost \$10,000; four units would be required to start, and that on a small scale. The process, if successful, would yield high profits.

A bank loan would be extended by a local bank to cover immediate needs, with repayment on a monthly basis over a six months' period.

Regular routine credit checks were made, and they were not favorable

## MANAGEMENT AT WORK

### .... a problem case is solved

By R. A. PEAR, *The Pfaudler Company, Rochester, N. Y.*

financially. Capital could not be a major consideration. Then what about Character and Capacity?

After we had spent three days with the two brothers and their bankers in detailing all expenses necessary for the operation, a contract was signed for \$40,000, with \$4,000 advanced by the bank as a down payment. This \$4,000 the brothers were to pay back in four months with interest.

The balance of the contract, for \$36,000, was on a deferred monthly basis beginning the fifth month and extending for a period of 18 months with interest. Due to the fact that the equipment was custom-built, repossession in case of payment default would be only for salvage value, as the equipment could not be resold as it was.

Though top management was not impressed with the contract, I had accepted it because of faith in the character and capacity of the individuals. The equipment was fabricated, shipped and put into use. The first two months of operation did not yield the anticipated results. The bankers were concerned; needless to say, I was too. Conferences were held between all interested parties, and a 60-day extension was granted. The third month yielded better results; the fourth month, a very slight increase. The bankers were more satisfied, as they now could see their way clear. This left me seemingly "holding the bag."

We kept very close contact with the account and the policy proved itself. Full payment was received by the end of the extended period of 18 months.

Such was the beginning for this account. Following the success of this small operation, three large processing plants were built in various parts of the county in the following eight years. Our equipment represented about 40 per cent of the cost of an entire plant. After the success in operation of each plant had been established, it was sold to a large chemical company, with a very substantial return for the brothers.

Out of this experience have developed two very staunch supporters of our company, very good indirect advertising media. A volume of approximately \$2,000,000 in special equipment has been sold to this account over the last eight years. We now have an order on the books for \$80,000. During the last two years payments have been prompt on net 30 days from date of shipment terms.

Top management and Sales are happy. To us the case history is another example of the merits of close contact and faith.



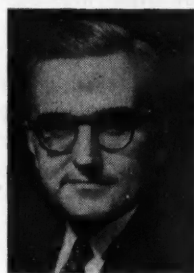
**MAINTAINING** a well-balanced cash position is the job of top management and treasury. Conferring on a case in point with Mercer Brugler (center), president of The Pfaudler Company, Rochester, N. Y., are R. A. Pear (left), general credit manager, and H. L. Eckhardt (right), treasurer.

Mr. Brugler entered the company in 1926 as credit manager and assistant to the president. He and Mr. Pear are both past presidents of the Rochester Credit and Financial Management Association. Mr. Pear, who started as accountant in 1924, has the Executive Award of N.A.C.M.'s Graduate School of Credit and Financial Management, Dartmouth.

Mr. Eckhardt began as chief clerk; in 1936 was named controller, and in 1951 treasurer.



**C**AN a company profit improvement program work? Yes, says J. O. Nicklis, secretary-treasurer



J. O. NICKLIS

of Pitney-Bowes, Inc., Stamford, Conn., but only when a large IF is successfully cut down to size.

Maximum results demand non-stop attentions to these five steps:

(1) Recognize your situation early; "Don't wait until profits hit bottom." Keep a close watch on profit margins, capital returns and other financial yardsticks.

(2) Resolve to let nothing interfere with getting results, the "touchstone" of profit improvement, for the program is bound to fail unless it is adhered to against all opposition.

(3) Draw up a plan, determine how much improvement you want and

gross income the field clerical force of 321 employees was reduced to 298. While the number of field servicemen actually decreased, the machine inspection and hourly charge service income rose 17 per cent; the number of pieces of equipment serviced per man was up 16 per cent, and all the time the quality of service improved, as did the morale of the men.

Overall in the company the year-end showed 232 fewer employees, 142 of them production workers released on termination of defense contracts, a net reduction of 90 while gross income went up 13 per cent.

No essential operations were shelved; there was no suspension or postponement of wage or salary increases, no "work harder" slogan. More production effort was the goal, and work tempo stepped up in a few instances.

The road to those achievements, and the traveling of it, is a saga of

ment," the executive says. "We operate under a profit-sharing plan where any deterioration in profit is felt almost immediately in the individual employee's pocketbook," and is "most painful" to the higher salaried group because of weighting in the plan which increases the return to management people as responsibility and salary rise. So there had been a 38 per cent drop in the bonus compensation for officers, a decrease in the wage-and-salary dividend rate for all employees from nearly 9 per cent of base pay to 4½ per cent.

"Any decline in profit margins or capital return ratios extending over several months calls for investigation, and, unless some specific condition is disclosed, it certainly should be a warning that tightening up may be needed. The sooner the need is recognized, the easier the job."

Determination to make a profit

## Five-Stepped Profit Improvement Program Adds 29 Per Cent to Company's Income before Taxes

how you will get there. Set up an administrative program and stick to it.

(4) Motivate management and employees by tying in the economics of employee self-interest and better profits in terms of job security, wage and salary policy, fringe benefits and profit sharing.

(5) Keep your employees informed all the way and when results are achieved, give them credit for doing it.

### Profit Increases 29 Per Cent

What were those results at Pitney-Bowes? Profit before taxes increased \$1,366,000, a 29 per cent increase, while total gross income was up only \$2,174,000. Contrast that with the preceding year's decline of \$350,000 in profit before taxes when gross income gained \$2,200,000. From 14½ cents the before-tax margin of profit grew to 17½ cents and was on the way to 18 cents. Return on invested capital improved by 24 cents.

Annual savings of \$130,000 were attained in branch operation. Despite 13 per cent increase in non-defense

carefully laid plans effectively applied and followed without deviation.

On a premise that a below 15-cent margin of profit before taxes should be considered inadequate by most business machine companies (Pitney-Bowes considers anything under 17 cents unsatisfactory), only two of 13 business machine manufacturers had had satisfactory margins in five years. In 1953 and 1954 ten companies had less than 15 per cent margin (Pitney-Bowes 14½ per cent in 1953).

The office and its clerical routines were found most susceptible to profit improvement, Mr. Nicklis recalls. "While our investigations were not limited to our clerical functions, they did disclose that really important savings could be achieved through better office methods and elimination of unnecessary paper work procedures." Another fertile field was the field service organization, for important savings by better scheduling of preventive maintenance work and equipment installations.

"There was no problem in recognizing the need for product improve-

ment," the executive says. "We operate under a profit-sharing plan where any deterioration in profit is felt almost immediately in the individual employee's pocketbook," and is "most painful" to the higher salaried group because of weighting in the plan which increases the return to management people as responsibility and salary rise. So there had been a 38 per cent drop in the bonus compensation for officers, a decrease in the wage-and-salary dividend rate for all employees from nearly 9 per cent of base pay to 4½ per cent.

### Two Other Companies Cooperate

"The next phase was organization of the plan. We did something that might be considered unique. We decided to seek the cooperation of several other companies of about our size within the industry in permitting a comparison of cost and expense data



on a rather detailed basis, which might disclose to us—and, incidentally, to them if they cared to use it—areas where major improvement was possible."

Two companies agreed to participate, and "events proved that a three-company comparison was sufficient. The cooperating companies were assured of the anonymity of their cost and expense data by having the comparisons made by outside professional consultants." Three reports issued the next March "proved invaluable to us."

"Coincident with the start of the study," Mr. Nicklis recounts, "we established an overall profit improvement committee to cooperate in preparing our figures and to coordinate the work of the subcommittees which would be investigating our operations when the comparative analysis was received. This committee was under the general direction of our executive vice president, with his administrative assistant serving as chairman, and there was representation from each division of the company.

"The investigating subcommittees were established at the department level and because we wanted objectivity, it was decided that two members of each subcommittee be drawn from outside the area being studied. On the other hand, the department manager was made chairman and given the right to appoint one other member from within or without the department as he saw fit.

"This type of organization would have tended to put the managers very much on the defensive except for a communication from the president which was sent to each chairman and all members." This set the tone and ground rules for the profit improvement subcommittees' investigations. Wrote the president, in part:

"Let me emphasize that I do not consider any part of these reports, even where it is indicated that we are substantially the high cost company of the three, a reflection on Pitney-Bowes or, for that matter, on anyone in it. We have built a successful business in a new field. We have built it in a large measure by doing our jobs well, but I think we may have tried to do them too well.

"The only reflection on us might be if we failed from time to time to make comparisons and studies of this kind and failed in the light of them to reappraise ourselves and take all the steps necessary to keep efficient and ready for competitive challenge of any kind."

Mr. Nicklis then points out:

"With these assurances from our president, the performance of the subcommittees was excellent, with many recommendations of change made unanimously and with only a few minority reports filed.

"The next step was to establish our budgets on a detailed basis. For a number of years they were used primarily as a means of comparing overall performance with our annual forecast, rather than as a means of controlling operations. Now it was decided that we were to go all out and budget the entire company down to the smallest operating unit. A committee set to work.

"Despite a considerable degree of anguish connected with the freeze on personnel and the resulting tight budgets, a satisfactory profit goal was established and accepted.

"The third step in organization was connected with our office incentive

with the employees was through a series of "jobholder meetings" just prior to the annual stockholders meeting. A good part of these meetings was devoted to tying in the economics of profits with the employee's self-interest through slides illustrating the profit-sharing plan, wage policy and employee benefits. Finally, the employee magazine, published six times a year, featured several stories on the program and its results.

"This communications job was carried on at every opportunity," the treasurer adds. "It became most effective when second quarter results came through. The rise in employees' wage-and-salary dividends for the first and second quarters was so dramatic that a substantial lift in morale was observed. I don't believe our employees have ever been so profit-conscious.

"In our council of personnel relations meetings we noted a marked change from 'grievance' requests to ideas for making economies and

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**"Profit improvement is a concerted effort on the part of all in management to secure the cooperation of the employees in improving operating efficiency so as to produce maximum profits for any line of sales."**

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*John O. Nicklis*

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system. We greatly expanded its scope and it is having a definitely beneficial effect on profits."

The next phase was motivation of both management and employees. Reminding employees of the benefits of greater efficiency and improved profits was accomplished in several ways. "First was the quarterly communication from the president to all employees, sent to their homes and now used to keep them informed of progress."

"The quarterly letters were supplemented with direct discussions by the section supervisors at monthly meetings of our council of personnel relations, held in each section, attended by all employees and designed to permit the exchange of information and ideas. The information for the supervisors to use was sent to them by the president in a monthly Management Newsletter. These letters contained a great deal of material on the effect of improved profits on job security, wage-and-salary dividends and our ability to continue our liberal wage policy and fringe benefits."

A third means of communicating

improving efficiency. They also questioned the wisdom of certain expenditures made or contemplated. This may sound somewhat like 'employee management' but I assure you it did not approach that in any way. Far from decrying this kind of interest on the part of our employees, we constantly strive to secure it. Even without profit-sharing it is perfectly possible to demonstrate to employees how their job security and earnings depend upon improving the profits of the company. It is just that a good profit-sharing program provides a fine springboard for this sort of economic education.

#### *Efficiency Need Translated*

"Another important facet of employee motivation was the application of our wage and salary policy. We periodically review the compensation rates and attempt to pay at least the average of what we consider comparable jobs in the better companies in each area, which means paying considerably more than the general area average. As a result we were in an exceptionally good position to get

better than average performance from our employees.

"We pointed out that 10 to 15 per cent more efficiency would have to be achieved throughout the entire organization and probably only half could be accomplished through better methods. The other half, we told them, would have to come from the employees themselves in utilizing their time more efficiently."

This is the way the president put it, in excerpt, in the quarterly letter:

"We seek to provide employment with regular rates of pay, working conditions, benefits and incentive opportunities for increased earnings that are outstandingly good.

"We want to do these things for their own sake, for the pride and satisfaction all of us can feel in having a company that contributes something to human progress, but at the same time we are convinced that with the right kind of cooperation from everyone, a company offering these things can enjoy greater efficiency and lower operating cost."

With the program established and motivation effected, administration

**JOHN O. NICKLIS**, secretary-treasurer and financial officer, Pitney-Bowes, Inc., Stamford, Conn., started with the manufacturers of postage meters and business machines as a statistician, in 1945, and in the following year was made estimating and budgeting assistant to the executive vice president. He was appointed assistant treasurer in 1949, an assistant secretary in 1951, was elected treasurer in 1952 and now is also secretary.

Mr. Nicklis attended Yale University and for a number of years was in the club management field. Prior to joining Pitney-Bowes he was staff accountant for the Stamford Rolling Mills.

was relatively simple, Mr. Nicklis reports. The profit improvement subcommittees were followed up periodically by the main committee. Interim reports were not long in coming after it became understood that the committees were expected to investigate and submit findings.

Administration of the budget was through the budget committee. At its monthly meetings all variances from

the budgeted figures were discussed, followed by investigations when called for. The follow-up was through the office of the executive vice president, "where the authority was sufficient to insure compliance."

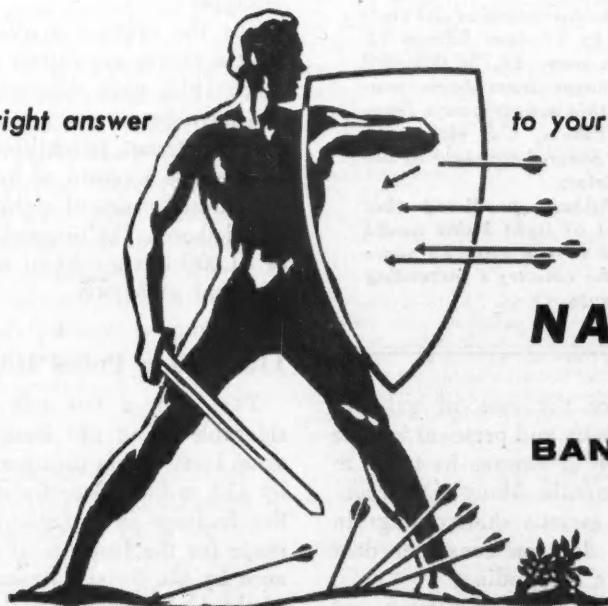
Extension of office incentives was carried out through a staff assigned from the plant time study department.

The branch profit improvement committee, "which produced the outstanding results of the program," was chairmanned by the general sales manager and included a regional sales manager, a regional office supervisor, a regional service supervisor, a branch manager, and a representative of the personnel department.

"A profit improvement program is not an easy thing to carry through," Mr. Nicklis sums up. "It is full of pitfalls and there are many temptations either to let down or to make hasty moves to achieve results quickly. However, if the motivation of management and employees is properly carried out, the program can not only succeed in its aims but also be a source of the utmost satisfaction to all."

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# Trends

in commerce

in industry

in finance

## Billennium?

Now that General Motors has rolled up a mark of \$1,189,000,000 net profit on a sales record of \$12,443,000,000 for 1955, first company to earn more than a billion dollars in a year, what next? For one thing, Harlow H. Curtice, president, said at Miami's rendition in the G.M. Motorama of 1956 that the corporation's income this year will be "not far off."

He's agin controls—opposes *any* on the motor industry, calls proposed legislative regulation of auto manufacturers' relations with their dealers unnecessary, says that suggested limitation of autos' top speed would "just make cars more dangerous," declares instalment credit "proportionately no higher than it should be" and terms the current credit condition fully satisfactory.

Mr. Curtice did express concern over the imperative need of more and better highways, favored toll roads ("The motorists will have to pay for any new roads, anyway, through taxes.")

A few more statistics? Well, G.M.'s payroll went up to \$3.127 billions, almost a 50 per cent jump over 1954; personnel worldwide averaged 624,000, up 47,000; total tax bill will approximate \$1.6 billions.

## Consumer Credit—Again

Mr. Curtice's opinions on the extent of consumer credit buying today reminds us it's a safe prediction this subject will be bandied about as much as any other this year. And the opinions will not be unanimous.

Said the National Retail Dry Goods Association, officially by resolution: "There is little danger that retailers are overselling the public on credit. In fact, store owners incline toward the view that they have not yet realized the full potential of credit selling."

But now this from R. E. McNeill, Jr., president of the Hanover Bank,

New York: The consumer credit industry should eliminate abuses (unusually long repayment terms and low down-payments)—or should be forced by legislation to eliminate them. The industry preferably should police itself.

Participants in an economic forum of the National Industrial Conference Board saw nothing alarming in the current position of consumer debt, and none favored selective credit controls, but the majority did express concern over the rapid rate of increase of the debt in the past year.

They agree that the expansion of instalment debt helped business recover, but at the same time believe the instalment debt level could create

## Watt Productivity!

*Since the invention of the electric bulb by Thomas Edison 76 years ago, some 41,750,000,000 electric lamps have been produced in this country, says Donald L. Millham, G-E vice president and general manager of the lamp division.*

*Mr. Millham predicted that same total of light bulbs would be needed in the next 15 years to meet the country's increasing requirements.*

hazards were the rate of gain in business activity and personal income to slow down or reverse its trend in the coming months. Many of the economists said serious shortcomings in the existing data on consumer debt call for more fact-finding.

A preliminary bill in Albany, out of which the New York state legislature is expected to evolve new measures to prevent credit abuses, is said to provide for a ceiling on rates in retail instalment credit, full disclosure to the buyer in case of a time purchase, clarification of wage assignments in a certificate separate from the time contract, law changes governing repossessions, repayment

of a part of financing costs when loans are repaid before the end of the loan term.

## Growth Factors

A \$1,000 investment and how it grew, could be called the theme of the following study of growth factors in Commercial Credit Company, Baltimore, by Kidder, Peabody & Co., as recited in "Finance":

"\$1,000 of CCC common bought in 1912" increased through market appreciation and dividends to \$94,661 last November 25, an appreciation of 9,366 per cent.

"The original 10 shares of common, \$100 par value, are represented by 952 shares presently outstanding as a result of stock dividends and split-ups.

"At the current market price of 52, the shares are valued at \$49,504. Since 1912, cash dividends of \$43,524 have been received on the original investment, in addition to \$1,633 received as a return of invested capital through sales of rights and fractional shares. The original investment of \$1,000 has a current annual cash dividend of \$2,665."

## 115 Million Policy Holders

YES, quite a few folk know considerable about life insurance. That some form of life insurance is owned by 115 million Americans is one of the findings in a nationwide count made for the Institute of Life Insurance by the Survey Research Center of the University of Michigan.

A breakdown of the results reveals these facts, among many:

Of the life insurance owners, 103 millions bought it from 1,000 legal reserve companies, the remaining 12 millions being covered by fraternal, assessment, veterans or other types of life insurance. 96 millions had individually purchased life insurance, 24 millions group coverage. The 73 mil-



lion adult policy-holders represent 70 per cent of the U.S. adult population; 30 million holders are under 18 years old. In 57 per cent of all families every member is insured.

Ownership, which rests chiefly in the 30-to-55 age group, is more frequent in the larger cities. Eighty per cent of the men are insured, 62 per cent of women.

"Perhaps a primary finding," Albert I. Hermalin, assistant director of the Institute's staff on statistics and research, told the annual meeting, "is the non-statistical fact that people know quite a bit about their own life insurance and are willing to express their attitudes about it."

### Investment Records

A GAIN of \$1.8 billions in total assets, to \$9.1 billions, is the accounting of the advancement of the investment industry's stewardship last year, according to the National Association of Investment Companies. Part of a four-fold increase in the last 10 years, for 1955 the companies showed new highs in assets, sales, number of shareholder accounts and in distributions to shareholders. (The association membership includes 125 open-end [mutual] and 27 closed-end companies.)

The all-time high in purchases of mutual fund shares totaled \$1.2 billions compared with the \$862,817,000 of 1954, and repurchases of fund shares (redemptions) were \$50 millions above 1954's \$400 millions. Overall shareholder accounts totaled 2,210,000 and payments to shareholders from investment income were estimated \$280 millions, a gain of \$30 millions in the year.

### Fire Losses Rise

SOME \$885,218,000 worth of property in the United States was damaged or destroyed by fire in 1955, an increase of 1.6 per cent over 1954, says the National Board of Fire Underwriters.

Lewis A. Vincent, general manager of the National Board, placed December (1955) losses at \$89,212,000, an increase of 29.7 per cent over November ('55) and 6.4 per cent over the losses reported for December of 1954.

*Ernest A. Lovelstad*

"Do you mean to tell me —?" the President began . . .



## The President takes a second look

"As I see it, then—" the President began ticking points off on his fingers—"the customer's credit rating is in a low bracket. Under the terms of our policy with American Credit Insurance, this gives us a relatively low coverage. This, in turn, doesn't warrant our shipping the order. Is that right?"

"That's right, sir." The Credit Manager sounded almost apologetic. "You see, in the policy, a schedule of ratings and coverages is established. A certain rating—a certain coverage. It's automatic."

"Then why," the Sales Manager demanded almost truculently, "do we have credit insurance at all?"

"Accounts Receivable," said the Treasurer, "represent our second largest asset. We want to protect it. Credit Insurance keeps our loss ratio low."

"That's true, sir," the Credit Manager put in. "We have decreased our loss ratio these last few years through our coverage by American Credit Insurance. And up till now—" he couldn't suppress a note of bitterness as he glanced at the Sales Manager—"we have been able to increase sales in areas we couldn't have touched before."

"Yeah," the Sales Manager said, "but what it comes down to is that we lose the order. I say we ought to take a chance!"

"It's not a chance. It's a gamble," said the Treasurer.

"That settles it." The President put a real note of regret in his voice as he finished: "Since we can't take the chance, we'll have to lose the order."

"It's almost time for the Board Meeting. We'd better go," the President said ten minutes later. "Most of the others will be there by now." He held the office door as he and the Treasurer filed out. "What do you think of those two?" he asked as they walked down the corridor.

The Treasurer smiled his neat little smile. "A good Sales Manager's got to be willing to gamble. A good Credit Manager's got to be willing not to. It takes courage for both."

He pushed open the Board Room door, then both men turned as rapid footsteps echoed in the quiet corridor.

"I'm glad I caught you." The Credit Manager was apologetic again, but with a difference this time. "Sir, I want to ask you now to reconsider the decision on that account!"

"Do you mean to tell me—" the President began, but the younger man went right on, while others in the Board Room turned to watch the tableau at the door.

"I decided to take a second look at our policy. Then I called our American Credit Insurance agent and confirmed it. The account can be covered for more under our policy. All we do is obtain an endorsement, approving the account by name. After they investigate it, of course. All I need now—" the Credit Manager paused for breath—"is approval to pass the credit when the endorsement is obtained!"

"You - decided - to - take - a - second—" the President spaced out his words, then suddenly chuckled. "Well, I guess I can take a second look too! You've got the approval!"

. . .

Obtaining greater coverage on a low-rated account is one example of the flexibility of American Credit Insurance. Among the 12 major benefits of Credit Insurance, many more are sure to accrue to your advantage. For your copy of a free booklet, "A Preface to Profits," write American Credit Insurance, Dept. 47, First National Bank Building, Baltimore 2, Maryland.

**American  
Credit  
Indemnity**

COMPANY OF NEW YORK

WALT'S a fine fellow," said a credit executive of an associate. "I've known him for years



W. BUTTERFIELD

and I like him a lot, but his letters are so stuffy that they always irritate me." Perhaps you know someone like Walt — a friendly, likeable fellow when he talks with you, but stiff as a poker when he writes you a letter. This type of split personality is common in business. The Johns-Manville handbook, *Letters—Have You Read Your Own Lately?*, has this to say: "Give him a type-writer, and a gal to punch it, and the average nice guy can manage to sound like the most pompous, thundering bore who ever lived."

Many a businessman seems to

BY WILLIAM H. BUTTERFIELD  
Executive Director  
University of Illinois Foundation  
Urbana, Illinois

sense to put the reader to sleep with a parade of monotonous clichés?

*We beg to advise you and wish to state  
That yours has arrived of recent date.  
We have it before us, its contents noted;  
Herewith enclosed are the prices quoted.  
Attached you will find, as per your request,  
The sample you wanted; and we would suggest*

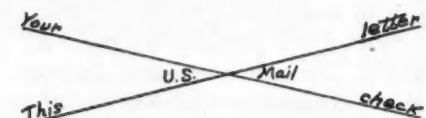
*Regarding the matter and due to the fact  
That up to this moment your order we've  
lacked,*

*We hope you will not delay it unduly,  
And we beg to remain, yours very truly.*

There is no place in modern letter writing for the "horse-and-buggy" language of 1890. Such obsolete

One quality that all good letters have in common is a friendly, human tone. Whatever the purpose of a message, warmth of tone is a big factor in making it "click." Nothing is more contagious than friendliness.

Even a collection letter can be written in a way that builds goodwill. Here is an example:



Dear Mr. Stevens:

"X" marks the spot, as likely as not;  
If this is the case, thank you a lot.  
If your check and this letter crossed in the mail,  
We promise we'll no longer keep on your trail.  
But if, by chance, our diagram's wrong,  
We know we'll hear from you before long.  
Your check for the bill that's now past due  
Will amply reward our faith in you!

Amount: \$82.35

Cordially yours,

# PRISSY LETTER IS OUT!

*Victorian Age Clichés Just Won't Sell Atomic Age Ideas*

"freeze up" when he sits down to dictate a letter. His whole personality changes, and soon he is *handing you herewith, begging to state, wishing to advise, and calling himself the writer or the undersigned*. By the time he gets through, he *hopes to merit your future favors*, and he even *wishes to remain*.

The one who crams his letters with stuffy, outmoded expressions wouldn't think of talking to anyone in this strange language. It would never even occur to him to call a friend on the telephone and say:

"This is to advise that I hope to avail myself of the opportunity to play golf the afternoon of the 12th instant. May I state further that I shall deem it a pleasure to have your company on this date for the aforementioned purpose. Pursuant to this matter, please advise whether the suggestion outlined herein meets with your satisfaction and approval."

What a ridiculous way to say: "How about a round of golf next Saturday afternoon?" Nobody uses that pompous language in a conversation. Why, then, should anyone use it in writing a letter? Does it make

jargon not only clutters a letter with needless words; it creates a mechanical tone that kills any trace of friendliness.

To give your letters the human touch, you must write them in an easy, natural style—in language that makes them sound like *you*. "Talk your way to better letters," urges Kermit Rolland in the *NYLIC Review* of New York Life.

This sensible approach to letter writing is the key to a friendly, conversational style. By using "the language of talk" you convert stuffy expressions into simple words that sound natural. A few examples:

## Instead of

kindly advise at an early date  
I shall deem it a great favor  
your communication of recent date  
herewith enclosed please find  
kindly favor us with check to cover  
it affords me great pleasure to inform you  
at the earliest possible date  
regret exceedingly to advise  
complying with your valued request  
I am forwarding to you under separate cover

## Say

please let me know soon  
I shall appreciate it  
your letter of February 10  
enclosed is or I enclose  
please send your check  
I am glad to tell you  
as soon as possible  
am sorry to say  
as you request  
I am sending you separately



It's easy to inject a note of friendliness that makes your letter sound as if you had enjoyed writing it. John B. Morris did just this when he wrote an end-of-the-year letter of thanks to a customer of the Eagle Pencil Company:

Dear Mr. Finley:

When a customer increases his purchases from us as considerably as you have this past year, we are happy for many reasons.

Our first reaction is that business has been exceptionally good with you, which pleases us immensely. You are a friend as well as a customer, and your success gives us genuine pleasure.

Our next reaction is that your trade must like Eagle merchandise, that they buy it eagerly and come back for more. That makes us proud of Eagle quality and inspires us to make it still better.

Then we like to think that your approval of our products extends to us personally, that a growing goodwill for our policies and our people is reflected in the increased business you place with us.

Whatever the reasons, the record is there, and we are sincerely grateful to you.

Here's hoping that all business will go ahead during the coming year, that yours will be better than ever, and that you will still find us deserving of your confidence. We pledge our very best efforts to be worthy of it.

Sincerely yours,

Here is another message that has the human touch. It is used by Andrew S. Roscoe, president of the South Brooklyn Savings and Loan Association, to welcome each new depositor:

Dear Mr. Davies:

This is just a note to extend a personal welcome to you.

I hope you will think of this Association not in terms of stone and steel, or simply as a place in which to keep your money safe. I would like you to think of the South Brooklyn Savings and Loan Association as people-friendly people—who are glad to share the knowledge gained from long experience in money matters, and who wish to help you in every way.

The safety of your funds, of course, is our first consideration. But helpful service is also important. You will find it briefly described in the enclosed pamphlet, which I hope will interest you.

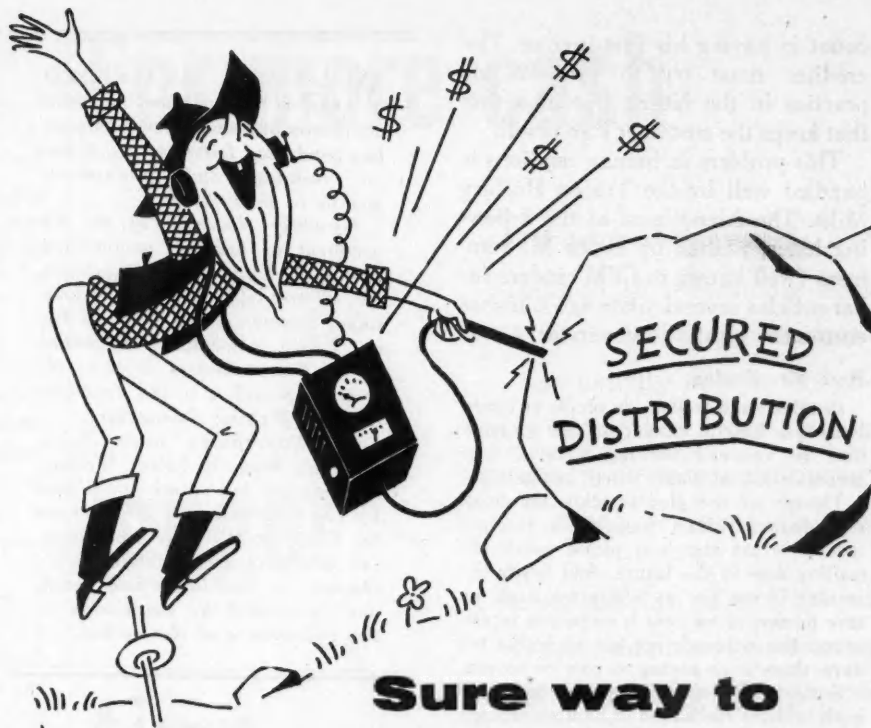
Thank you for your patronage and for your confidence in us. Both are warmly appreciated.

Sincerely yours,

#### A Letter That Wins Cooperation

While a friendly tone makes any message more effective, this quality is especially important in asking the reader for his cooperation. For example, take the case of a new customer who deducts an unearned dis-

(Concluded on following page)



## Sure way to discover a new SALES BONANZA!

More suppliers every day are discovering how to increase sales without credit risk through the SECURED DISTRIBUTION made possible by American Express Field Warehousing.

### Here's how it works:

We set up an American Express Field Warehouse on your customer's premises at his expense. We then deliver to you Field Warehouse Receipts covering all goods you ship to the warehouse. Your customer has the raw materials or finished products he will soon need immediately at hand, without having to make a large outlay of cash. As he pays for the goods, they are released from storage.

As a result, you get the increased sales made possible by greater distribution of goods with safety and security. It's a sure way to keep both your sales manager and your credit manager happy!

For the full story on our unique plan for SECURED DISTRIBUTION, write or call today for your free copy of "WHAT'S NEW IN SELLING AND CREDIT."

**WILLIAM H. BANKS WAREHOUSES, Inc.**

209 South La Salle St. Chicago 4, Ill.

and

# AMERICAN EXPRESS

## FIELD WAREHOUSING CORPORATION

Home Office: 65 Broadway, New York 6, N. Y.

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PITTSBURGH  
SALT LAKE CITY  
SAN ANTONIO

SAN FRANCISCO  
SEATTLE  
ST. LOUIS  
TORONTO  
WASHINGTON, D. C.

count in paying his first invoice. The creditor must try to prevent this practice in the future, but in a way that keeps the customer's goodwill.

This problem in human relations is handled well by the Trojan Hosiery Mills. The friendliness of the following letter, written by Helen M. Sommers (well known to CFM readers for her articles several years ago), makes customers want to cooperate:

Dear Mr. Gordon:

Pennies make dollars—in profits or losses. Both of us have to watch them, for we know that the year-end showing is merely the accumulation of these minor amounts.

Though we are glad to allow the small sum deducted from your check received today, we ask that you please watch the mailing date in the future. And here's the reason: If you pay us within ten days, we save money, so we pass it on to you in discount. But if you do not pay us within ten days, there is no saving to pass on to you.

Since we know that the deduction was made without realization of its disadvantage to us, our only purpose is to explain the situation to you in a straightforward way. We know we can depend upon your full cooperation.

Sincerely yours,

The language used by two hotels in confirming room reservations by mail shows the difference in tone between a hackneyed style and a natural style.

One message is pompous:

*Replying to your request of recent date, we are pleased to advise that the above accommodations will be at your disposal on the dates indicated. Thanking you for your valued patronage and trusting that our services will meet with your approval, we are*

The other message is friendly:

*Thank you very much for your reservation, which is being held for you as shown below. We appreciate your selecting the Statler as your hotel in St. Louis, and hope to make your stay thoroughly enjoyable.*

The forms of greeting and closing have a definite effect upon the tone of a letter. *Dear Mr. Smith* and *Sincerely yours* (or *Cordially yours*) sound friendly and personal. *Dear Sir* and *Yours very truly*, on the other hand, sound stiff and mechanical.

Some writers personalize the greet-

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*A man owes it to himself to become successful. Once successful, he owes it to the Bureau of Internal Revenue.*

—Anonymous

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**WILLIAM H. BUTTERFIELD,**  
*author of books and magazine articles on business correspondence, has conducted letter-writing clinics for business and professional groups in many cities.*

Formerly chairman of the department of business communication at the University of Oklahoma, Mr. Butterfield later was educational director of the National Retail Credit Association and editor of its *Better Letters Service*. He is a past president of the American Business Writing Association.

Mr. Butterfield's latest book, *Common Sense in Letter Writing*, was released last month (published by *The Interstate*, 19-27 N. Jackson St., Danville, Ill.) The accompanying article is a condensation of a chapter of the Butterfield work, and is printed by permission of the publisher and the author.

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ing in a way that omits the usual *Dear* before the reader's name. Perhaps you favor the growing trend toward "dearless" beginnings. There is an easy informality about openings like these:

Thank you, Mr. Smith,  
for answering my recent inquiry so promptly and completely.

It was fine of you, Mr. Smith  
to send me a pre-publication copy of your new *Advertising Handbook*.

You can be sure, Mr. Smith,  
that your letter of March 26 will receive careful consideration.

In dropping the customary *Dear* from the greeting, some writers also prefer to omit the traditional complimentary close at the end of the message. They point out that *Yours truly*, *Yours very truly*, and *Very truly yours* have become meaningless. *Sincerely yours* and *Cordially yours*, on the other hand, they consider unnecessary if the tone of the message is sincere and cordial—and futile if it is not.

All this is sound logic. The complimentary close, like the necktie, serves no practical purpose. Yet its omission is sure to be interpreted by some as a careless oversight, and perhaps even as a discourtesy. Unless you have the reform spirit and feel strongly that the closing should be dropped, why not combine tradition with informality by using *Sincerely yours*, *Sincerely*, *Cordially yours*, or *Cordially*?

From the moment the reader sees

your greeting until he reads the closing of your message, his reaction is influenced by your choice of words. He will visualize you as friendly or cold, human or pompous, depending on the way you express yourself.

You can have no greater asset in letter writing than a natural, friendly style, one that puts the imprint of your personality on every message you send. So relax when you sit down to dictate, and use "the language of talk." As a correspondence expert once told a group of businessmen: "To write a friendly letter, just put yourself in the envelope and seal the flap."

### Early Dip in Building Won't Deflect Upward Trend: Baker

The building industry is on a solid foundation and will not be shaken by the recent credit curbs, according to Melvin H. Baker, board chairman of National Gypsum Company.

Mr. Baker cites these long-range supports of continued high activity in housing: the rapid increase in population, increased income, shifting of population and urgent need for slum clearance and city redevelopment. "Rising employment and higher wages will enable most home buyers to meet the new credit terms," said Mr. Baker. "The baby boom means people will need not only more homes but larger ones as well. It means more schools, hospitals, stores and other public buildings."

"Although housing starts will probably decline slightly from last year's 1.1 million, dollar volume should be about the same as 1955's estimated \$14.6 billion; one reason: homes will be larger," predicted National Gypsum's chairman. "Public confidence in national prosperity, and individual confidence developed through social security and pension funds, are other factors which will keep people buying the houses they need."

### NRDGA Medal to A. W. Hughes

The gold medal of the National Retail Dry Goods Association for "distinguished service to the retail craft" has been awarded to Albert W. Hughes, president of the J. C. Penney Company, New York, and former teacher.

Philip M. Talbott, senior vice president, Woodward & Lothrop, Washington, D. C., was reelected president of the association for 1956.



### CPAs Offer 226 Proposals For Fairer Income Taxes

Federal authorities have before them 226 recommendations for income tax changes proposed by the American Institute of Accountants to close loopholes giving some taxpayers special advantages and to remove inequities burdensome to others.

Among the recommendations of the committee, headed by J. S. Seidman, CPA, New York, are these: Permit taxpayers to average their income over several years; deduct expenses of seeking employment; be allowed \$600 for a dependent if provided more than half the support regardless of the income of the dependent; give persons retired before 65 under private pension plans the same consideration now given public employees; grant a donor of property to charity the deduction for the gift of the money for the sale but tax him on capital gain; permit carrying forward contributions exceeding the annual limit as a future deduction; prevent abuse of the new depreciation methods to turn income into capital gains, remove the present tax on 15 per cent of dividends received by one corporation from another.

### Paint and Wallpaper Dealers Get Time-Payment Credit Plan

A credit plan for paint and wallpaper dealers, to put "delayed dollars" at work, is being launched by Retail Paint & Wallpaper Distributors Association, the National Paint, Varnish & Lacquer Association, and Painting & Decorating Contractors of America. A program for time-payment beautifying of households was put before the distributors' association at its convention in Cleveland by Chet Watkins, president. The theme for the 15,000 dealers in the paint and wallpaper industry is that many of the millions of homes with instalment-purchased television sets inside need a paint job outside.

### Heads New Product Expansion

To head a new product expansion program, Joseph M. Klein, formerly salesmanager of the office equipment division of H. Steele y Cia, Mexico City, has been named assistant to President Hugh L. Clary of the Clary Corporation, San Gabriel, Calif.

# For more cash over a longer time consult Commercial Credit

By using COMMERCIAL CREDIT's method of advancing funds for working capital purposes, businesses are usually able to obtain more cash than from other sources, and to obtain it on a continuing basis, with no need for renewals.

COMMERCIAL CREDIT's method is fast, flexible and reasonable in cost. Normally cash is available within a few days after first contact and the amount may range from \$25,000 to millions. The period of use is completely flexible, and may vary from only a few months to years.

There are no preliminary costs and the one reasonable charge is a tax deductible expense.

During the past year, companies from coast to coast used more than 600 million dollars of our funds for working capital purposes. For complete information on how your company can use COMMERCIAL CREDIT's method to its advantage, get in touch with one of these COMMERCIAL CREDIT CORPORATION offices:

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222 West Adams Street, CHICAGO 6  
722 South Spring Street, LOS ANGELES 14  
100 East 42nd Street, NEW YORK 17  
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A service available through subsidiaries of Commercial Credit Company, capital and surplus over \$180,000,000



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MRS. TRIPPEER

L. M. STRATTON III

W. L. HOLMES

MRS. W. R. MASON

W. R. MASON HENR

### AT DINNER MEETING OF MEMPHIS ASSOCIATION OF CREDIT MEN

ABOVE (l to r): J. H. Bryan, association secretary-manager; Mrs. Bryan; R. A. Trippeer, president, Euclid Sales Co. and Memphis Chamber of Commerce; Mrs. Trippeer; L. M. Stratton III, president, Stratton-Warren Hardware Co.; W. L. Holmes, Schlumberger Well Surveying Corp., Houston, N.A.C.M. Southern Division vice president; Mrs. W. R. Mason and Mr. Mason, Stratton-Warren Hardware Co., president of the Memphis Association of Credit Men.



EAGLE SCOUT of 25 years ago, R. W. Kupfer (right), executive vice president, Portland (Ore.) Assn. of Credit Men, appears on television with Tom Sherman (center) and Red Dunning, M. C., KOIN-TV, for reunion to launch sponsor drive.



MEMBER OF HONOR certificate recipients at tenth anniversary dinner of Asociacion de Profesionales de Credito de Cuba: (l to r) Dr. Jose M. Cubas, president, Laboratorios Gravi, S.A., Havana; Paul W. Miller, president, Marlborough Co., Atlanta; President CP Jose Mola Morilla for D. W. Kieffer, manager, export dept., Procter & Gamble, New York; Henry H. Helmann; Rafael A. Davalos, general manager, Cuban Chamber of Commerce. (See CFM Jan. p. 38).

ASSOCIATES honored W. H. Schmidt on 50 years with International Shoe Co. He is credit manager of Sundial Shoe Company Div., Manchester, N. H., a director of the Boston Association of Credit Men, former chairman N.A.C.M. Foreign Credit Interchange Bureau. (l to r) C. R. Newell, asst. credit mgr.; Mr. Schmidt; J. I. McCarthy, general mgr., E. T. Spratt, mgr. of general accounting.



FELLOW AWARDS are presented by Roy J. Burke (right), Wilson Sporting Goods, Chicago, chairman of the education committee, Chicago Association of Credit Men, to Vern Dupy (left), formerly general credit manager, Chicago, for the National Lead Co., and Otto W. Mielke, Acme Steel Co. Mr. Dupy is vice chairman of the education committee. Northwestern University deans helped initiate the program.







SON HENRY H. HEIMANN WALTER CHANDLER MRS. C. R. GRAVES CARL R. GRAVES MRS. L. C. SCOTT LESTER C. SCOTT MRS. MARIE BLAYLOCK J. H. DONOVAN

## HENRY HEIMANN IS SPEAKER, WALTER CHANDLER HONOR GUEST

ABOVE (l to r): Henry H. Heimann, executive vice president, N.A.C.M.; Walter Chandler, of "The Chandler Act," former U. S. Congressman and former mayor of Memphis; Mrs. C. R. Graves; Mr. Graves, referee in bankruptcy; Mrs. L. C. Scott; Mr. Scott, E. L. Bruce Co., past director N.A.C.M.; Mrs. Marie Blaylock, president, Memphis Credit Women's Group; J. H. Donovan, Jones & Laughlin Steel Co., Pittsburgh, N.A.C.M. director.

Pictorial  
News  
&  
Credit  
and  
Finance



GUESTS of Boeing Airplane Co. at Tri-State Credit Congress (Kansas, Oklahoma and Missouri), at Wichita. (l to r) Ray M. Fugitt, Boeing credit manager; W. C. Haring, secty.-mgr. Wichita Chapter N.A.C.M.; Ralph E. Brown, Marsh & McLennan, Inc., St. Louis, N.A.C.M. director; G. W. McCarthy, Boeing assistant treasurer; E. B. Moran, N.A.C.M. vice president and assistant executive manager; J. J. Cumiskey, Wichita, general chairman; and Fred J. Partridge, Jr., Bemis Bros. Bag Co., pres.



K. CALVIN SOMMER, assistant treasurer, Youngstown Steel & Tube Co., who chairmanned the Community Chest campaign far beyond quota, is shown with Bobby Hetler and Sandra Butler, king and queen of the drive. (Photo by Vindicator)

DETROIT N.A.C.M. Fraud Prevention Department representatives have annual meeting at convention of Society of Former Agents of F.B.I. (l to r): J. H. Frazier, Great Lakes Steel Corp.; Harry Kester, Detroit Edison Co., chairman Detroit committee; M. J. Davis, executive v.p., N. Y. CFMA, and immediate past pres. of Society; Hyacinthe J. Prebish, Allen Cooler & Ventilator, Inc.; F. J. Flom, Detroit Edison Co., past pres., Detroit assn.



RETIRING after 50 years of continuous service of Lunkenheimer Co., Cincinnati, Credit Manager Clyde A. Doerr (left) is congratulated for "a job well done," by Chester C. Iseleit (right), vice president and treasurer, and Louis T. Huser, controller. Mr. Doerr, 65, joined the company when he was 16. Mr. Doerr had been auditor and credit executive of the Lunkenheimer organization since 1939.



# Company President Gives Credit A Key Role in Overall Strategy

FROM top management in the petroleum industry comes a fresh concept of modern credit functioning.



R. G. DUNLOP

Robert G. Dunlop, president, Sun Oil Company, Philadelphia, broadens the horizon of successful credit operation far beyond a mere determination of the "5-C's." He delegates to the

credit executive a tripartite responsibility that embraces skill in internal relationships, skill in customer relationships, and a "feel" for economic trends.

"The importance of credit in our present day economy is too well established to require emphasis," Mr. Dunlop notes. "Credit men play a key role in the exchange of goods and services; their daily decisions act like a governor on the flow of business activity. Demand, employment, sales, price levels, even the general prosperity of the country are intimately related to the daily actions of credit men."

## Tripartite Functioning

First is the internal situation within the credit man's own company. "It is a commonplace that a credit man should work hand-in-glove with the sales force, but he should be equally alert to other aspects of his firm's operations. Some questions he should know the answers to include: What is the inventory situation? Along what lines is the manufacturing department planning to expand? Are transportation facilities into certain areas overloaded or relatively unemployed? Does the research department have new or improved products in prospect? What is the company's liquid position? What will be the demands on its cash reserves in the immediate future?"

"It is not inconceivable that even something as intangible as a human relations problem might have a bearing on a decision to extend or withhold credit. If a worthwhile industrial

or public relations objective can be furthered at the expense of assuming a bit more risk than customary in extending a line of credit, that possibility should be given proper consideration.

"All of this is intended to point out merely that day to day credit decisions should be integrated as far as possible with overall objectives of the credit man's own company. His decisions should harmonize with the operations of other departments, helping to solve rather than to create internal problems."

Second is customer relationship. "It is a sound generalization that the better a credit man knows his customers, the more satisfactory his relationships with them are likely to be. This means that a credit man, or his

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**E**XTENSIVE knowledge of Sun Oil Company's operations, as well as those of the petroleum industry generally, came to President Robert G. Dunlop through early responsibility in conjunction with a complete survey of producing, refining and marketing operations in the light of new requirements imposed by the NRA Petroleum Code.

On graduation from Wharton School of Finance and Commerce with a B. S. degree in economics, Mr. Dunlop went with Barrow, Wade, Guthrie & Company, Philadelphia public accountants. He left in 1933 to go with Sun Oil.

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subordinates, should have direct, personal knowledge of every substantial customer's business affairs.

"In practice, this calls for a decentralized credit organization. We at Sun Oil Company believe that our credit organization meets this requirement. In addition to the main credit offices in Philadelphia, we have regional credit offices in ten other cities. On top of that, we have credit representatives in all of our district sales offices. In total, we have more than 80 credit men in the field to service our customers."

Providing proper credit service to a customer, says the oil company executive, does not necessarily mean extend-

ing the maximum line of credit he can carry. It does, however, mean making competent appraisals of his affairs in order to give him the best possible assistance and thus help him increase his future value as a customer.

Under this company policy, certain credit risks that might otherwise be left out in the cold are welcomed into the fold. "Utilizing firsthand knowledge gathered by our credit representatives, we at Sun Oil are inclined to put major emphasis on the customer's character and managerial ability, rather than upon the size of his capital assets. In fact, we have had a number of highly satisfactory experiences with former employees to whom we provided both credit and capital to enable them to start their own businesses. We could justify the risk on the grounds that we knew these men intimately and knew exactly what to expect from them."

When William James said of the boarder, "It is much more important for the landlady to know his philosophy than his income," he expressed a truth that credit men generally accept, observes the oil executive. "An additional point that should be made is that, although credit bureaus may be able to ascertain a customer's income, personal and close association is necessary to learn his philosophy."

## General Economic "Know-How"

Mr. Dunlop names general economic considerations as the third broad consideration bearing on credit decisions.

"A credit man should be familiar with business forecasts. He should know general conditions within the various industries in which his customers are engaged. He should take cognizance of general credit levels. In other words, he should have a *feel* for business trends and be influenced by them."

The credit man whose service to customers is properly based on these broad considerations, declares Mr. Dunlop, will be successful in helping his company to win and hold customers on a profitable basis, for "customers will respect him and heed his counsel."





## Legal Rulings and Opinions

### State Tax on U. S. Interest

The state may tax interest from obligations of the Federal government as part of net income where net income is the measure of the state's corporate franchise tax. [*Grange Mutual Life Co. v. State Tax Commission*, 283 P. 2d 187 (1955)]. So ruled the Idaho supreme court.

Idaho assesses a franchise tax on corporations, including insurance companies and national and state banks, the amount of tax being measured by net income, including interest on U. S. bonds. Here an insurance company tried in vain to resist deficiency assessments for failing to include as part of net income the interest from such bonds.

### Deductions Denied

A taxpayer, buying the medical practice, home and office of a doctor, agreed in the contract of sale that the widow would attend to phone calls, receive patients and help in other incidentals. The taxpayer under the contract was to pay the widow \$22,500 in a lump sum and \$13,500 over a ten-year period at \$1,350 a year.

When he tried to deduct the annual payments as business expenses incurred for the services of the widow, the tax commissioner said "No" and the tax court agreed, holding that the installment payments were capital expenditures as part of the purchase price for the medical practice. [*Meurlin*, 25 TC No. 19].

### That Pension Problem

In payments of pensions to widows of officers of closely-held corporations, the Tax Court holds that where the payments are made pursuant to a contract entered into before death and the total amount involved is reasonable, the payments are deductible by the corporation and taxable to the widow.

However, in *Lengsfeld V. Commissioner*, T. C. Memo 1955-257, the voluntary payments were held exempt for approximately two years. Thereafter payments to the widows of two of the officers, who together con-

trolled 60 per cent of the stock, were treated as dividends and so taxable to the beneficiaries and non-deductible to the corporation.

### Gift of Future Interest

A taxpayer gave each of her 10 children a 1/20th royalty interest in her mineral property, limited to such minerals as were mined after the first of the following year, three months away. When the taxpayer excluded the first \$3,000 of each of the gifts from gift tax, the tax court rejected the action, holding this was a gift of a future interest, as the children lacked "an absolute right to the use, possession or enjoyment of an ascertainable portion of the income." [*Jardell*, 24 T.S. No. 72].

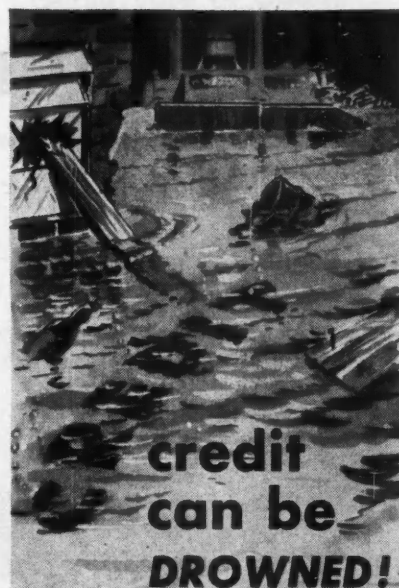
### Livestock for Breeding

A saddle horse dealer (breeding, training and selling) sold several brood mares when the market dropped. Four of the ones he kept were not bred but were trained for the show ring. Following a heart attack he sold the four mares, one for \$20,000 on an offer after victory at a show class. Said the tax court: the four mares were developed for breeding, the sales were occasioned by his illness and the exceptionally high price offered for the prize winner. Therefore, there was a capital gain. [*Collings, USDC, W.D., Ky.*].

### Embezzlement Loss

Loss "not compensated for by insurance or otherwise" is the way the 1954 Code limits the provision that theft or embezzlement losses are deductible.

A taxpayer-employer deducted the entire amount of an embezzlement though he held an indemnity bond which, with the employee-embezzler's second mortgage, more than matched the loss. When an attorney advised the employer at year-end that there was a "good chance" of recovery, the Tax Court held the claim and mortgage were compensation for the loss. [*Henry Kraft Mercantile Co., T. C. Memo, 1955-208*].



**credit  
can be  
DROWNED!**

Any flood can force a good customer to become a bad debt . . . widespread floods can cause serious credit problems for anyone selling on open account.

Strikes, crop failures, floods, deaths, fires can provoke credit losses as damaging to your company as actual dishonesty . . . and the most efficient credit department cannot foresee these losses!

Credit insurance is the only adequate form of protection: LONDON GUARANTEE'S "blanket coverage" Credit Insurance will keep your extended credit well "above water"!

To learn more about this economical plan, phone or write our credit department. A LONDON GUARANTEE executive will show you how credit insurance can safeguard your company.

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AND  
ACCIDENT CO., LTD.**

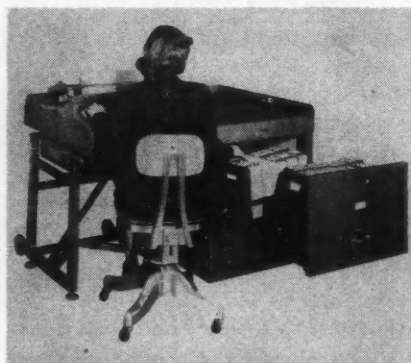
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Over a Half Century of Continuous  
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# Modernizing the Office

*New Equipment to Speed Production and Reduce Costs*

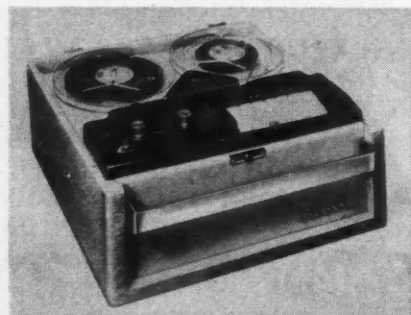
## Fireproof Accounts Desk



B-255 The new model Fire-File desk just introduced by SHAW-WALKER has pull-up trays which bring the work 7½" closer to the operator and thus speed removal and return of accounts. Trays may be pulled out simultaneously or singly and angled in any direction. A single desk will handle up to 3,000 accounts. Drawers roll on new super-duty free-coasting slides, an improvement by Shaw-Walker to accommodate extra heavy loads. Drawers pull entirely clear of cabinet to permit unobstructed reference to contents. Color-styled in silvertone and amber tan. Bears Underwriters' Laboratories Label certifying one-hour protection.

## Dual Speed Tape Recorder

B-256 An all-new tape-recorder, the Model RT-88 of BELL SOUND SYSTEMS, INC. offers two speed operation via a three-motor tape transport mechanism, to give high quality reproduction within the "home" recorder cost bracket. Business executives find it ideal for recording conferences, for the practicing of speeches



or for making trial recordings to be used in connection with radio or TV script. The RT-88 will record at either 3 3/4 ips or 7½ ips. The cabinet is of contemporary design in cream fabricoid with maroon and gold trim. A handy carrying handle spans the speaker grill.

## New German Typewriters

B-257 The Model M-13 VOSS BUSINESS-RITER portable typewriter is designed to fill small-office needs for a quality typewriter that meets "big" machine paper handling requirements and results. Another Voss deluxe model presently available, the M-10, is a fully equipped standard carriage portable with carrying case. Produced in



Western Germany by Voss Schreibmaschinenfabrik and distributed here by Metropolitan Typewriter Company, Inc., both models feature the Simplex Keyset tabulation requiring no carriage travel for complete clearing and new type-bar leverage to provide uniform shading of printing. Choice of colors and type face.

## Alphabetical Tabulator

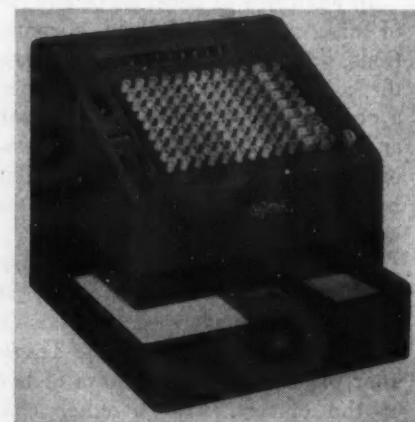
B-258 With the REMINGTON RAND Alphabetical Tabulator, printed data may be speedily, accurately and economically prepared from punched cards for job costs, machine loading schedules, aged trial balance, sales by product and class, invoices, payroll checks and statements, accounts payable voucher-check, and other applications. Many selective controls for printing, accumulating and spacing operations are provided. The Tabulator will print up to 6,000 lines per



hour, with 100 printing positions on every line and 37 type characters for every position. Application set-ups are easily changed.

## New Analysis Machine

B-259 Described as "20 adding machines in one," the new Small Analysis machine of THE NATIONAL CASH REGISTER COMPANY has been designed to answer the need of small and medium-sized businesses for relatively low-cost equipment in the solution of analysis problems. All amounts entered in the machine are printed on a journal tape and consecutively numbered, as they add into their respective totals. The figure entered may at the same time be printed on a form, such as a salesman's commission statement. The easy-to-operate machine yields eighteen individual totals, plus a miscellaneous and a grand total.





## Quick Copying Machine



**B-260** A rapid, completely dry copying machine, the desk-top THERMO-FAX SECRETARY makes dry copies in about 4 sec. from printed, written or drawn originals, transparent or opaque and printed on one side or both, regardless of the color of paper on which the original is printed. The "Secretary" copies in one step direct from the original, in the open office or plant, regardless of lighting conditions, and can be operated after only a few minutes' instruction, states the manufacturer, Minnesota Mining and Manufacturing Company. The unit operates from any 110-volt AC outlet.

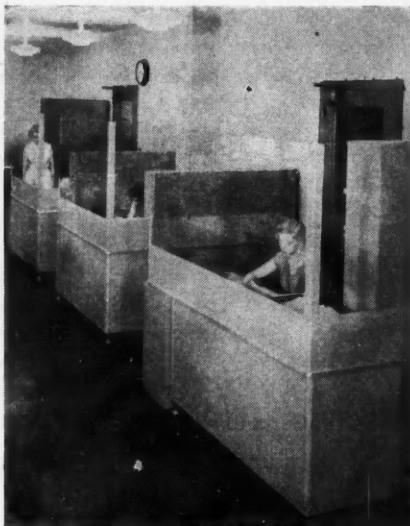
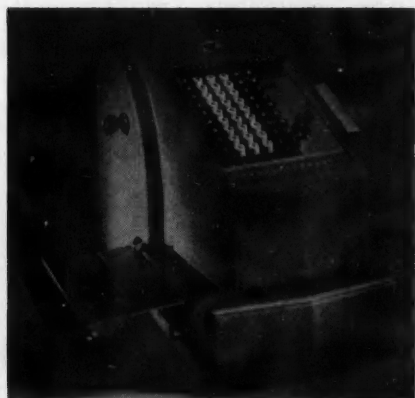
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*Experience is the name  
men give to their mistakes.*  
—Anonymous

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## Six-Bank Check Disburser

**B-261** The new six-bank Protectograph Disburser introduced by the TODD COMPANY, INC., is capable of writing any amount up to \$9,999.99 and is especially useful in small and medium-sized companies for accounts payable and payroll operations. In a single operation the machine protects the check by shredding the amount into the paper fiber, dates, and signs it.



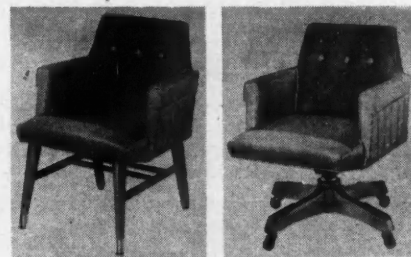
*WITH KORDArooms, the privacy necessary for credit and accounting operations is insured without "blocking in," by the transparent glass partitions. Each self-contained, semi-private portable office unit requires as little as 44 square feet of floor space, including all working tools required for efficient operation. In the photo is shown a series of the Korda portable office units, three in number, and the economic application to availability of space is apparent.*

## For Heavy-Volume Copying



**B-262** For large-volume reproduction the COPYFLEX MODEL 250 desk-side direct copying machine of Charles Bruning Company, Inc. is capable of producing up to 1,000 letter-size black-on-white copies per hour from one or many originals. The virtually automatic model, which occupies less than one square yard of floor space, turns out clean, sharp facsimiles of practically anything typed, written, drawn or printed on ordinary translucent paper. It will take originals up to 18½" wide by any length, at a speed of 10" to 25 linear ft. per min. No stencils, special lighting or plumbing are required.

## Custom Line of Chairs



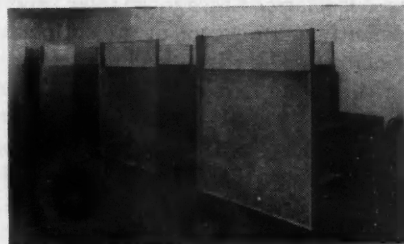
**B-263** The two models shown from the custom line of THE B. L. MARBLE CHAIR COMPANY, the 4510AF (left) and 4510½AF, reflect foreign and domestic influences, with the pleated type of upholstering similar to that in modern automobiles. The seats are foam rubber. The manufacturer announces that many combinations of decorative fabrics and leathers, or plastics, are available for achieving attractive and individualistic effects. There are many other chairs in the Marble custom line of wood office furniture, all of which feature serviceability as well as beauty.

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*This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.*

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## Sound-Control Partition



**B-264** Completely prefabricated SOUNDEX partitions makes it possible to erect any size office in minutes, to change or rearrange your office with its present equipment so as to save space and provide private offices. The 2½" thick sound panel effectively blocks transmission of sound, assuring quiet work areas, the manufacturer states. No special tools are required; the partitions hook together by simple gravity-pressure hook. A product of GR Products Inc., the partitions come in two standard types: "L" series for observation, "X" series for privacy, with a choice of five heights and three finishes.

## ON THE Personal Side

JOHN O'D. FEEKS, of Grand Rapids, Mich., elected a vice president of William Iselin & Company, Inc., is president of the Serra Club there. Mr. Feeks joined the company in 1932, was transferred from the home office in New York to the Midwestern branch in Grand Rapids as a senior credit man in 1941. In December 1951 he was named credit manager and an assistant vice president. He is a director of the Grand Rapids Association of Credit Men and an instructor of credit courses sponsored by the association.

DOUGLAS S. SEATOR has been elected vice president of Harris Trust and Savings Bank, Chicago. Mr. Seator has been associated with the bank's credit department, which he heads, since 1937. He became assistant cashier in 1944 and assistant vice president of the bank in 1948. He is a past president of Robert Morris Associates, Chicago chapter, and presently is a director of the national organization. He is a graduate of the University of Wisconsin.

A. L. JOHNSON, secretary-treasurer and a director of Dearborn Chemical Company, Chicago, has additionally been named general manager of the company. He also is a director of the District National Bank of Chicago. Mr. Johnson joined Dearborn Chemical in 1947 as treasurer and became secretary-treasurer in 1949. He began his career in the accounting field at U. S. Gypsum Company in 1929, following graduation from the University of Illinois.

GEORGE F. BARBER has been advanced from assistant credit manager to credit manager, Crucible Steel Company of America, Pittsburgh. A graduate of Princeton University, Mr. Barber went with the company in 1947 after prior association with the Bank of New York as security re-

search analyst and with Crossley, Inc., New York, as assistant to the president.

A. E. HUDSON has been named treasurer and controller, Arnolt Corporation, Warsaw, Ind., in charge of financial matters relating to the diversified manufacturing operations of Arnolt's three Indiana plants. Mr. Hudson had resigned as secretary and controller of O. A. Sutton Corporation, Wichita, to join Arnolt.

R. D. CARRUTHERS has become general credit manager of Wyeth Company, St. Joseph, Mo., following the death of B. W. Barber, who had spent all his business career in the service of the company.

FELIX T. TYLISKI has succeeded the late W. P. Hunt as credit manager of Armour & Co., St. Joseph, Mo.

JAMES A. HEITZMANN, financial vice president of Helaine Seager, Inc., Newark, had been financial vice president of VCA Laboratories in New York.

DOUGLAS SCHERER has been named vice president of Douglas Public Service Corporation and Douglas-Guardian Warehouse Corporation. His offices are at the executive center in New Orleans. The former assistant secretary-treasurer was educated at Tulane University college of engineering and the American Institute of Chemical Engineers. He is a grandson of W. H. Douglas, the founder, and the son of the late Henry F. Scherer, who was executive vice president of both corporations. Before going into the warehousing business he was a flight captain for Capital Airlines.

IRWIN W. SMITH has been elected vice president, Bankers Trust Company, New York. Mr. Smith's entire



A. L. JOHNSON



D. S. SEATOR



G. F. BARBER



A. E. HUDSON

career has been in banking. Since graduation from Wesleyan University in 1929, he has served variously as credit investigator, analyst, branch credit man and branch assistant manager. He joined Bankers Trust in 1950 as assistant treasurer and was named assistant vice president in 1952.

JAMES A. STACK, JR., is now credit manager at Bates Fabrics succeeding FORREST S. DAYTON, who has become credit manager of Cone Mills, Inc., both in New York.

RUSSELL W. BOWERS, Sun Pipe Line Company, Philadelphia, has added the title of treasurer to those of manager of operations and a director. WILLIAM S. WOODS, JR., in the treasury department of the parent Sun Oil Company, becomes assistant treasurer of the pipe line company. Both appointments follow the retirement of Arthur H. Russell, former treasurer.

WILLIAM C. WATSON, formerly deputy controller, Vick Chemical Company, New York, has been appointed assistant controller and assistant treasurer of Chesebrough-Ponds, Inc., New York.

M. G. SMITH, named controller of The Electric Storage Battery Company, Philadelphia, was executive vice president of Rockwood and Company, Brooklyn. Earlier associations were with Firestone Tire and Rubber Company; Federal Bureau of Investigation, assistant controller of Stand-



ard Brands, Inc.; Plastic Manufacturers, Inc.; and Silex Company, Hartford, of which he was elected president in 1950.

FRED BERTHELSON has been appointed vice president of WTIK Radio Station, New Orleans. He has been general manager since 1954 and before that sales manager. Previously he had been associated with WJBW and WWEZ. He is a member of the New Orleans Credit Men's Association.

JAMES H. NELSON has succeeded the late Harry A. Cunningham as director of the credit division of Norwich Pharmacal Company, Norwich, N.Y. Mr. Nelson entered Norwich in 1946 as assistant credit manager after service with Victory Chain, Inc., and National Bank and Trust Company of Norwich.

KENNETH P. MORSE, executive vice president and general manager of The Standard Register Company, Dayton, is president of the Office Equipment Manufacturers Institute for 1956, succeeding Sheldon Hall, vice president and secretary of Burroughs Corporation.

HARRY B. BATCHELDER has been named executive vice president of The First National Bank of Jersey City (N. J.). He has been in charge of loans and credits and will continue to direct the loan program of the bank. A graduate of Yale University, Mr. Batchelder began his career with Guaranty Trust Company of New

York and The First National Bank of Hoboken, which later merged with The First National Bank of Jersey City. He went with the Reconstruction Finance Corporation for a period. He is a director in E. A. Williams & Son, Jersey City.

FRED I. COURTNEY is controller of Virginia Metal Products, Inc., Orange, Va., succeeding George Knox, after a period as assistant treasurer of Power Generators, Inc., Trenton, N.J.

JOHN H. FERGUSON, appointed assistant manager of credits for Jones & Laughlin Steel Corporation, Pittsburgh, had joined the staff in 1951 as a credit clerk.

R. A. MACAULAY succeeds Henry C. Groff, retired, as credit manager of Arkell and Smiths, Canajoharie, N.Y. Mr. Macaulay is from Jersey City, and obtained his degree of B.S. in business administration at Lehigh University. After a short service with Lybrand, Ross Bros. and Montgomery, he joined Arkell and Smiths a year ago as assistant credit manager.

WILLIAM T. HOCKING is now vice president and treasurer of George Fry and Associates, Chicago-New York management consultants. He has managed the New York office.

C. J. BEASLEY, formerly controller and assistant secretary, has been named vice president-finance of Metal and Thermit Corporation, New York. C. R. HERVEY advanced from assistant controller to controller. Mr. Beasley retains the title of assistant secretary.

E. E. LINDBERG has been named office manager of Homestead Bakery, San Francisco.

At Green Giant Company, Le Sueur, Minn., LLOYD C. VOLLING has been advanced to vice president in charge of personnel and public relations, and also has been named secretary of the company. He formerly was treasurer and assistant secretary.

At the same time W. H. MERRICK was promoted to assistant treasurer from credit manager.

Mr. Merrick, past director of The Minneapolis Association of Credit Men, is a director of The National Food Manufacturers Group.

FREDERICK W. BURNHAM has been appointed vice president in the banking department, The Northern Trust Company, Chicago. He went with the bank in 1949 as second vice president and assistant manager of the credit division, subsequently becoming manager of the division.



F. W. BURNHAM

Before joining Northern Trust, he was vice president of Second National Bank of Boston. Mr. Burnham is a member of the board of governors and the executive committee of the Chicago Chapter of Robert Morris Associates, a member of the Chicago Association of Credit Men, the American Institute of Banking, and the Chicago Creditors. A native of Boston, he is a graduate of Harvard University and the Harvard School of Business Administration.

FRANCIS M. HERNAN has been elected secretary-treasurer of American Window Glass Company, Pittsburgh. He was formerly controller of Fruehauf Trailer Company, Detroit, and earlier budget director at Anchor Hocking Glass Corporation, Lancaster, Ohio.

SEWALL D. ANDREWS, JR., general manager of the soybean division, General Mills, Minneapolis, has been named a vice president of the company. Mr. Andrews is a director of the Twin City Fire Insurance Co., Scott Atwater Manufacturing Co. and Chartex, Inc.

JOHN D. HUNT and DONALD E. WOODWARD have been advanced to assistant treasurers, Worcester County Trust Company, Worcester, Mass. Mr. Hunt, a graduate of Brown University '47, joined the bank as assistant check teller in 1952 and has been a credit analyst for the past two years.

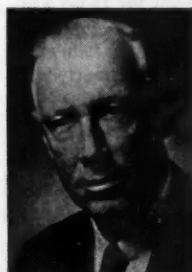
Mr. Woodward first joined the bank in 1941, then left in 1944 for military service. After graduation from Boston University in 1950 he entered the bank's credit department, becoming senior credit analyst. He has been an instructor in the American Institute of Banking and is a member of the Worcester County Association of Credit Men.



J. H. NELSON



K. P. MORSE



H. B. BATCHELDER



W. H. MERRICK

# Guides to Improved Executive Operation

## KEEPING INFORMED

**TAX PLANNING IN BUSINESS POLICY,** 152-page booklet, is a transcript of the tax conference for business executives held by the Institute and the N. Y. State Society of CPA's. The conference used a question-and-answer procedure. Available from the American Institute of Accountants, 270 Madison Ave., New York 16, N. Y. \$2 a copy.

**FACING THE ISSUE OF INCOME TAX DISCRIMINATION** — The 40-page booklet explains the NAM's five-year income tax reduction plan for removing discriminatory tax rates, individual and corporate. Write to National Association of Manufacturers, 2 East 48th Street, New York 17. 25 cents a copy.

**WHAT EVERYBODY OUGHT TO KNOW** about the stock and bond business. 22-page brochure outlining in everyday language the fundamentals of stock and bond investing. Write Merrill Lynch, Pierce, Fenner & Beane, 70 Pine St., New York 5. Free.

**HOW TO BUY A HOME**—A realistic guide, in compact form. Included in the 15-page booklet is a chart for determining monthly income available for mortgage payments. Available from Mellon National Bank & Trust Co., Pittsburgh 30, Pa. Free.

**1956 Directory of Business Personnel** Available. Issued annually by Alpha Kappa Psi, national business fraternity. Included are pictures and short factual summaries of 112 college graduates with majors in accounting, administration, finance, management, marketing, sales and other fields. Address Alpha Kappa Psi Fraternity, 111 East 38th, Indianapolis 5, Ind. on business letterhead. State number of your employees.

*Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.*

*To expedite receiving booklets described below, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.*

## EFFICIENCY TIPS

493—A new technique for economic handling of inter-company correspondence, Remington Rand's "Foto-Notes" are particularly valuable in organizations where considerable correspondence is with the field sales force or factories. Write us for details.

494—A 12-page brochure describing the many uses of xerography in preparing masters for offset, diazo, spirit and other fluid-type duplicating of paperwork, has been released by The Haloid Company. Copy free on request.

495—The 16-page "Pencil Selector" guide of Eagle Pencil Company tells how to choose the correct pencil for every job, from general writing and stenographic use, to those used for duplicating machines, graphs, artwork and other special jobs. Free, write us.

496—How the McBee custom-designed Unit Analysis may be adapted to any operating, financial or statistical report is illustrated in a sample mailing piece issued by The McBee Company. Write us for descriptive literature.

497—The all-steel Safe-T-Paper Cutter, for cutting anything from tissue to illustration board, is described and illustrated in a brochure offered by David Harris, Hectographia Corp. Write us for your copy.

498—The new automatic Graphotype method of Addressograph plate composition, as a byproduct of existing typing procedures or in conjunction with punched cards, is described in the Addressograph-Multigraph Corp. booklet ASN-656. We shall be glad to obtain a copy for you.

## BOOK REVIEWS

**WORKING WITH THE NEW TAX CODE**—By James J. Mahon, Jr., CPA. \$1.50. American Institute of Accountants, 270 Madison Ave., New York 16, N. Y. Contains nearly 100 items on problems arising under the Internal Revenue Code of 1954. A definite aid to all persons concerned with business tax returns and tax planning.

**CREDITS AND COLLECTIONS IN THEORY AND PRACTICE**—Theodore N. Beckman, Ph.D., and Robert Bartels, Ph.D., both of Ohio State University. This sixth edition of the text, pointed toward first course students of business administration and especially the management function, adds studies of the philosophy of credit, governmental use of credit and its effects, patterns of consumer credit, qualifications for management, new types, charges, costs, comparative rates of consumer credit, features of trade credit bureaus or departments, factoring of accounts, ratio analysis, and other analyses. McGraw-Hill Book Company, Inc., 330 W. 42d St., New York 36, N. Y. Price: \$6.50.

**A BIGGER ROLE FOR INCOME BONDS**—Article by Sidney M. Robbins, chairman of the University of Toledo department of finance, in the November-December issue of the Harvard Business Review (Soldiers Field, Boston 63, Mass.) Dr. Robbins reports the results of his surveys and concludes that "the wide uses of income bonds indicate their range of potential benefits to issuing corporations." Single reprint \$1.00.

**CORPORATION ACCOUNTS AND STATEMENTS**—By William A. Paton and William A. Paton, Jr., \$6.75 The Macmillan Company, 60 Fifth Avenue, New York 11, N. Y. An intensive treatment of accounting problems and procedures centering in the corporate form of business enterprise. 780-pages of discussion of the more complex and controversial areas of corporate accounting, sufficiently penetrating and complete to be genuinely valuable for professional accountant or student.

**HOW TO MAKE YOUR LIVING IN FOUR HOURS A DAY** ("without feeling guilty about it")—By William J. Reilly, Ph.D., 118 pages. \$2.50. Harper & Brothers, (Hadden Craftsmen, Inc.) 307 Ash Street, Scranton 9, Pa. This book is intended for those who lug bulging brief cases home to work nights and over weekends. It suggests ways and means of being more productive in fewer hours a day, by being creative and more effective.

*Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.*



**A** PROJECT that began solely as an educational measure for supervisory personnel within the company quickly developed into a public relations tool of tremendous value, as the possibilities of company-made audio-visual films became apparent to company officials. Today, the subject company, Hendrickson Bros., Inc., of Valley Stream, N. Y., reports its "Bell & Howell camera equipment in constant use," and the audiences for the documentary films produced under the direction of Elliot R. Martin, Hendrickson's safety director, range from small supervisory groups to industry and general public groups running into the thousands.

"From the standpoint of public relations," notes Mr. Martin, "we find it is always wise to have on hand at least a 400-ft. sound strip film of our various current contracts, so that we may personalize it for showing to various groups such as Kiwanis, Rotary, Lions and other community organizations. We have a collection of background music on records which we purchased [through Valentino in New York City], and the commentary and background



*COMPANY-MADE SOUNDFILMS carry their message realistically to employees, trade and general public. Elliot R. Martin, safety director and company film producer at Hendrickson Bros., Inc., Valley Stream (N.Y.) general contractors, turns out both special assignment "quickies" and more leisurely documentaries with the Bell & Howell magnetic recording Filmosound 202 projector and 70-DL camera.*

## FROM OFFICE TO PUBLIC RELATIONS TOOL

music can be dubbed in very quickly on any of these films."

Originally, the Hendrickson firm of general contractors, specializing in excavating, grading and heavy construction (which last year observed its 50th anniversary), purchased a Bell & Howell 202 Filmosound magnetic recording projector and 70-DL camera for use at supervisory group meetings and also for safety meetings for tradesmen in their employ. The supervisory group meetings are held quarterly and the safety meetings take place periodically throughout the year.

"However, after we discovered the possibilities of producing our own films with the use of the 202," comments director Martin, "we enlarged our sights. Now our films are made with a twofold purpose: as educational guides for our supervisory group and as a public relations medium."

Soundfilms are being advantageously produced by companies in a wide assortment of areas. The objective may be to educate, to make money or save money, to show your work or your institution, or a com-

bination of several of these. Some examples from the Hendrickson concern's experience will illustrate.

One of their biggest hits, in Mr. Martin's opinion, was a 400-ft. film that derived inspiration from the "Dragnet" series. "Our supervisory group meeting was to be held on a Wednesday night. On the Tuesday before the meeting we received a contract for \$6 million worth of work. On Tuesday evening we turned out a film parody on 'Dragnet' with the story line, 'Who was responsible for getting the job?' And the story was the ensuing search for that person. The film has been shown now to approximately 1,000 and we are still getting requests from various municipal organizations for the showing."

An interesting production recently filmed at Hendrickson is titled "Little Acorns." Mr. Martin tells about it. "The story outline is that certain material items we purchase throughout the year are taken for granted by our employees.

"For example, we purchased enough gasoline last year to run a stock auto around the world 384 times; we purchased enough wiping

rags which, if sewn together, would make a blanket several acres in size. For use on our various contracts we purchased 950 five-gallon cans at 60 cents apiece and enough wire rope of various sizes to stretch over 25 miles. We feel that the film done by our organization will definitely have an effect on the items mentioned and even though from the viewpoint of economy the returns will be small, at least we have made our employees realize that 'great oaks from little acorns grow'."

### *The "Velvet Ride"*

One film, "The Velvet Ride," was made in less than 2 weeks' time. The assignment was an unexpected one but despite the lack of time the film just had to be good. Commercial producers understandably didn't want to guarantee a superior job in the short time available.

"We were accustomed to taking our time in producing films for our industrial and public relations programs," says Mr. Martin, "but we knew this documentary on asphalt paving would be viewed critically by thousands of people at the Long

Island Industrial Exposition, folk in our own and allied lines of work.

"Use of our sound camera was impractical because of the background noise and confusion on a typical asphalt job. So we turned to the work-horse team of our photographic unit, the Bell & Howell 70-DL camera and the 202 recording projector with exclusive Soundstripe process.

"First move was to select and edit color film clips of previous Hendrickson asphalt paving movies. Fill-in footage and shots of titles supplied by a commercial artist were filmed with the 70-DL. A script was written around a central character, and an actor was chosen from among the company employees. The scenes in which he appeared were filmed in two days."

The exposed color footage was rushed through processing, and on its return Mr. Martin started editing and splicing. This took about eight hours. Next day the edited film was sent out for Soundstripping. While it was being striped, appropriate background music on records was selected and the necessary reproduction rights were purchased.

Recording on the Soundstriped film was begun one evening, and by 3 o'clock the next morning the 400-ft. film, complete with titles, music and commentary, was ready for viewing at a regular monthly meeting of the 100-man Hendrickson supervisory group. When they had approved it, the film was hurried to a commercial lab where an optical soundtrack was made from the magnetic track. The optical track and the original color film then went into New York City for the making of three optical sound prints.

"The Velvet Ride" played to capacity crowds continuously for nine days and was viewed by at least 22,500 persons registered at the Rason Asphalt Little Theater (operated by a Hendrickson subsidiary). How many more viewed the film is unknown.

"Our Bell & Howell equipment is in constant use," says Mr. Martin "and we pride ourselves that each film we have turned out has had a message of one sort or another and each has produced definite results."

*Don't let yesterday use up  
too much of your today.*  
—Anonymous

## How the Stock Market Uses Credit To Finance Investments and Trading

Banks on June 30, last, had loaned to brokers, dealers and individuals a total of \$4.5 billions to purchase or carry securities. Almost three-fourths—\$3.4 billions—was used by that part of the public which employs credit, to finance long- and short-term investments and trading transactions. The balance of \$1.1 billions was applied by securities' concerns to various functions, ranging from odd-lot transactions to the inventories of large underwriting houses.

Securities firms used an estimated \$30 millions in credit to help finance their customers' cash transactions, stocks and bonds in transfer or transit pending receipt of payment from the buyer.

More than \$970 millions went into financing inventories of bonds and corporate securities. These inventories represented in part securities held in brokers' and dealers' portfolios for long- or short-term investment or trading; in part, stocks and bonds held in order to meet the needs of customers.

These figures are contained in the results of an initial study of the various uses of credit in the securities market, released by G. Keith Funston, president, New York Stock Exchange. "The nation's commercial banks," points out Mr. Funston, "are the principal source of credit used in the securities business."

Itemized in the table is the distri-

bution of securities' industry credit as compiled by the Exchange. The estimates shown apply to June 30, 1955. "Variations occur from day to day," notes the Exchange head, "but by and large the relative pattern may be regarded as definitive at the present time." Credit figures in the Exchange's study cover all securities markets. (On the New York Stock Exchange a heavy majority of all purchases is on a cash basis.)

"This pioneering analysis," notes the New York Stock Exchange head, "brings into focus an area of the securities business which is of basic importance to the individual investor and to the economy as a whole."

### Records' Security in National Emergency

Uninterrupted business activity based on immediate reproduction of destroyed vital records, such as engineering drawings, production procedures, research data, financial records, contracts, and accounts receivable, now will be possible where a company's microfilm records are stored in underground vaults distant from the corporation's home office.

Known as the Vital Records Security Service, the system is being offered to business, industry and government by Recordak Corporation, in line with Government's alert to industry to maintain production during national emergencies.

### Estimated Distribution of Securities Industry Credit June 30, 1955

	Amount (Million \$)	Per Cent of Total
1) Specialists, Odd-lot dealers (New York Stock Exchange and other exchanges)	\$60	1.3
2) Underwriting:		
Corporate Securities	15	0.3
Municipal Securities	50	1.1
3) Firms' Positions		
Corporate Securities	460	10.2
Municipal Securities	260	5.8
U. S. Governments	250	5.6
4) Customers' Cash Transactions	30	0.7
5) Rights Offerings	15	0.3
	\$1,140	25.3
6) Customers' Long-Term Investments	1,315	29.3
Short-Term Investments	1,190	26.5
Trading Transactions	850	18.9
	\$3,355	74.7
Total	\$4,495	100.00%



**T**HE primary purpose of the business"—this must be kept uppermost in the mind of management at all times and it comprises plank No. 1 in the management philosophy of Robert M. Green, Prudential Insurance Company's vice president in charge of Canadian operations, who presents 12 secondary considerations which bear so strongly upon management success they make up the remaining planks in his 13-point Management philosophy:

#### Of Personality:

"If a man dislikes at least three-quarters of all the human beings he meets, if he has contempt for anyone who is stupid, if his subordinates for the most part annoy him and are in his opinion thoroughly unfitted for their jobs—then he ought to get out of management work."

#### Surroundings:

Pleasant surroundings he evaluated as the "best evidence workers have of sincere interest on the part of management. Good surroundings can produce quality results that high salaries can't."

#### Personnel Selection:

"There are some who think high quality is needed only at the top level but it is important to get the best high school graduates possible. These intelligent youngsters must not be kept on the routine, repetitive drudgery jobs too long."

#### Salaries and Motivation:

"The great value of job evaluation is that it gives evidence to the worker of the fact that management is going to great pains to arrive at a program that is fair and equitable."

#### Bureaucracy:

"By bureaucracy is meant that point in organizational development where there is a reliance on procedure and precedence and a distrust of the exercise of personal power and true leadership."

#### One Problem—Many Solutions:

"Most of the problems encountered in our business have several correct answers. I don't see how anyone can delegate authority and responsibility, including of course the power of decision, unless he does believe it."

## These 13 Planks Build Philosophy For Management

#### Decisions and Committees:

"Decisions should be made as close as possible to the level where an action takes place and should be made by one individual. Committee decisions, unless the committee is dominated by one man, are too often compromise decisions."

#### Delegation of Authority and Responsibility:

"Something more talked about than done. Those at lower levels of management almost without exception react well to responsibility."

#### Decentralization:

"What decentralization does is to make each center of delegated authority a focus for enthusiasm, initiative and creativeness. It makes possible the greatest use of our human resources, particularly our managerial and executive resources."

#### Integrity and Industry vs. Ability:

"In selecting candidates for managerial and eventually executive positions, greatest emphasis should be put on integrity and industry rather than ability. A man with ability but lacking in industry and integrity is not a very good bet."

#### Executive Training:

"Adopt a positive policy of moving people around, of making technical staff people accept managerial assignments and, in any case, making certain that those who appear to be

earmarked at an early age for executive responsibilities get some managerial training other than strictly technical."

#### Leadership:

"It is natural and inevitable for people in group undertakings to seek a leader. Leadership is good."

The insurance executive presented his summary of management philosophy in an address before the 32nd annual conference of the Life Office Management Association in Chicago.

Warren J. Moore, executive vice president of Old Line Life of Milwaukee, was elected president of the association, which represents 306 life insurance companies in the United States and Canada.



JOSEPH MASSAGLIA, JR., President

Hotel MIRAMAR AND BUNGALOWS  
SANTA MONICA, Calif.

California's World-famous Resort—250 rooms  
WILLIAM W. DONNELLY, Manager

Hotel SENATOR  
SACRAMENTO, California

The Capital's Premier Hotel—400 rooms  
CHARLES W. COLE, Manager

Hotel EL RANCHO & Bungalows  
GALLUP, New Mexico

World's Largest Ranch House—200 rooms  
MARTIN L. HANKS, Manager

Hotel FRANCISCAN  
ALBUQUERQUE, N. M.

One of the Finest in the Southwest—200 rooms  
H. B. WOOD, Manager

Hotel PARK LANE  
DENVER, COLORADO

Magnificent Rocky Mountain View—400 rooms  
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Hotel RALEIGH  
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On Famous Pennsylvania Ave.—500 rooms  
JOHN F. SCHLOTTERBECK, Manager

Hotel BOND  
HARTFORD, Conn.

Hartford's Finest—400 rooms  
GRIFFITH R. DAVIES, Manager

Hotel SINTON  
CINCINNATI, Ohio

Hospitality at its Best—700 rooms  
JOHN SCHEIBLY, Manager

Hotel SHERWYN  
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FORM 7L

 **NATIONAL ASSOCIATION of CREDIT MEN**  
*Preserving the National Right*  
*Credit Interchange Report*

OFFICES IN PRINCIPAL CITIES

STORES CO., KANSAS COUNTY JAN. 31, 1956

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BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	HOW OWING		TERMS OF SALE	PAYING RECORD			COMMENTS
				INCLUDING NOTES	PART DUE		DATE DUE	DATE PAID	DATE SLOW	
<b>OMAHA &amp; KANSAS</b>										
116-264										
Furn	yrs	1-56	334			N 10		X		
Paper	yrs	12-55	32			1-10-30		X		
PVAL	1952	1-56	623	623		30	X			
Meats	yrs	1-56	1205	989		whly		X		
Elec	yrs	12-55	811			30		X		
Food P	yrs	1-56	1138	556		1-10 pr	X			
P&M	yrs	11-55	875			N 10		X		
Food P	yrs	1-56	4100	729		2-10-30	X			
Gen M	yrs	10-55	665			2-10-30	X			
<b>MINNESOTA</b>										
118-546										
Farm S	yrs	7-55	460			CR		X		
<b>WESTERN NEW YORK</b>										
118-513										
Glass	yrs	10-55	202			1-10-30	X			
<b>WESTERN PENNSYLVANIA</b>										
118-629										
Drug	1-34	12-55	228			2-10-30	X			
<b>NORTHERN WISCONSIN</b>										
118-539										
Metal	1946	10-55	580			2-10-30	X			
Metal	yrs	1-56	4461	2260		2-10-30	X			
<b>INDIANAPOLIS</b>										
118-448										
Food P	yrs	1-56	934	822		1-10-30		X		
<b>CHICAGO</b>										
118-726										
Food P	yrs	1-56	2355	1804		1-10-30		X		
Food P	yrs	12-55	1330			1-10-30		X		

continued

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# There's Much for All in Entertainment At Congress; Speakers Lining Up

By WILLIAM BEHRENS  
Entertainment Chairman  
60th Annual Credit Congress,  
N. A. C. M.  
Cincinnati, Ohio



**ENTERTAINMENT CHAIRMAN "Bill" Behrens** is secretary and treasurer of The Randall Company, Cincinnati, as well as secretary-treasurer of The Wagner Manufacturing Company, Sidney, Ohio. Mr. Behrens is vice president and a director of the Cincinnati Association of Credit Men, president of its Service Bureau, Credit Club chairman, and past president of the Cincinnati Lions Club.

**S**OMETHING for everyone and much for all! With that objective the entertainment committee has set up a program to insure a treat for every guest and visitor at the 60th Annual Credit Congress of the National Association of Credit Men, in Cincinnati, May 13th to 17th (inclusive).

A String Quartet will lead the way, providing the music at a reception

## CONVENTION BULLETIN

**A**CCCEPTANCES received at presstime from several of the many invited speakers of international note make certain an outstanding general program for the 60th Annual Credit Congress, in Cincinnati May 13-17.

Congressman Walter H. Judd, of Minnesota, will speak. The authority on Asiatic economic and political issues has just returned from a three-month firsthand study of that explosive center of world developments.

Henry H. Heimann, executive vice president, National Association of Credit Men, will present his keynote message Monday forenoon (May 14th). Dr. Laurence Hall, of Cleveland, nationally known platform wit, also speaks Monday morning.

Two panel discussions of topics close to daily credit operation will make the Wednesday (May 16) plenary sessions standouts. Four widely-quoted economists will compare views at the afternoon session. Customer relations are to be the panel theme of four credit and finance executives in the forenoon.

Watch for the complete plenary program, with speakers, topics and dates, in the April CFM.

and tea Sunday afternoon in the Pavilion Caprice, Netherland Plaza hotel.

Twenty-three members of Cincinnati's internationally famous Symphony Orchestra will present a popular concert at 9 o'clock Sunday night in the Hall of Mirrors. Featured among soloists will be Marian Spelman, WCW-T singing star of radio and television.

At the President's Reception and Ball on the night of Monday the 14th, Ralph Flanagan and his "All America" orchestra will have as soloists Judy Gaye and Johnny Amoroso.

"Anniversary Accolade" is the sprightly roundup title for the get-together Tuesday evening in the Roof Garden of the Sheraton-Gibson hotel, shepherded by "Emcee" Jack Her-

bert, comedian and after-dinner speaker. Besides Miss Spelman and her song hits of the discs, the program calls for specialty dancing by Tanya and Biagi, and entertainment by Pompoft, Thedy and Family (Los Aragons billed as "Spain's Royal Family of Comedy") with their musical novelty.

An "Over-the-Rhine" party Wednesday night will have as its motif the days of Cincinnati's own "Rhine," the barge-canal that divided (and connected) business routine and night life of the city.

Here will be Beatrice Kay with her "Gay Nineties" songs; a Barbershop Quartet; Virginia Sellers, star of radio and TV, and the well known Smitties German Band for the dancing.



MARIAN SPELMAN

RALPH FLANAGAN

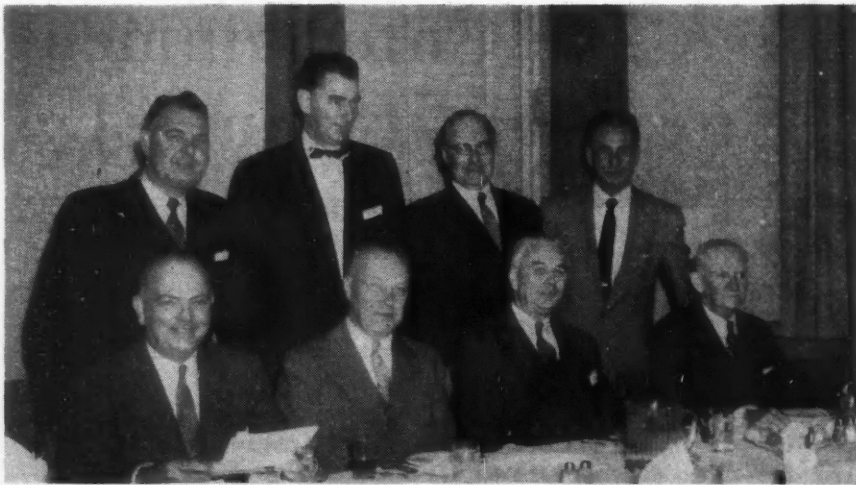
JUDY GAYE

JOHNNY AMOROSO

JACK HERBERT

BEATRICE KAY

VIRGINIA SELLERS



**TESTIMONIAL TO HAROLD PARKER**, assistant treasurer of the Chase Manhattan Bank and an officer of its insurance department, who retired after 38 years with the bank. Credit, insurance and banking executives present included: (seated, l to r) W. E. Jeffrey, assistant vice pres., Marsh & McLennan; Mr. Parker; Kenneth Bell, vice president, Chase Manhattan Bank, New York; Henry H. Heimann, executive vice president, N.A.C.M. Standing: Charles S. Cooper, fidelity manager, National Surety Corporation, New York; Ralph H. Mullane, assistant vice president, Liberty Mutual Insurance Co., Boston, chairman, N.A.C.M. insurance committee; Edwin B. Moran, vice president N.A.C.M., New York; Mortimer J. Davis, executive vice president, New York Credit & Financial Management Assn.

## ***Harold Parker, Retiring, Is Honored for Service to N.A.C.M.'s Insurance Group***

**I**NSURANCE and credit executives, members of the insurance advisory council and committees of both the National Association of Credit Men and the New York Credit and Financial Management Association, gathered in New York to honor Harold Parker, assistant treasurer of the Chase Manhattan Bank and an officer of its insurance department, on his retirement after 38 years with the banking organization.

At the testimonial luncheon at the Advertising Club of New York, Mr. Parker was presented with a certificate of merit in recognition of his many years of service on the N.A.C.M. insurance committee. Henry H. Heimann made the presentation. An inscribed silver tray also was given the retiring bank officer.

Mr. Parker, who began in the bank's credit department, becoming division head in the business development department specializing in insurance work, has been a key figure in the development of the bank's insurance department. Chase was among the first banking institutions to set up a separate insurance division to handle its own insurance and to work

with insurance companies. In January 1940 Mr. Parker was made an assistant cashier and assigned to the then new insurance department. The business career of the Chase official had begun in 1910 with Royal Insurance Co., Ltd., where he remained eight years.

Besides Mr. Heimann, executive vice president, and Edwin B. Moran, vice president, representing the National Association of Credit Men; and for the New York association Mortimer J. Davis, executive vice president, and Barrett R. Tanner, secretary, other members of the insurance committees of both associations were present. Also attending was Ralph H. Mullane, assistant vice president, Liberty Mutual Insurance Company, Boston, currently chairman of the N.A.C.M. insurance advisory council and committee, and twice president of the Boston Credit Men's Association. Kenneth Bell, vice president and cashier of Chase Manhattan, represented the bank. Wallace E. Jeffrey, assistant vice president, Marsh & McLennan, Inc., chairman of the insurance committee and a director of the New York association, was arrangements chairman.

## **Uptown Credit Group Starts 33d Year, E. C. Fox at Helm**

Edwin C. Fox, assistant vice president and credit manager, L. F. Dommerich & Co., Inc., has been elected executive chairman of the Uptown Credit Group, New York City, an affiliated association of The National Federation of Textiles, Inc. He succeeds Stanley M. Bloch, credit manager, Herbert Manufacturing Co., Inc., who has become a member of the board of the National Federation.



E. C. FOX

Other officers elected at the annual meeting, which marked the 32nd anniversary of the formal organization of the Group: Charles A. Kelly, assistant treasurer and credit manager, Burlington Industries, Inc., named executive vice chairman, and Joseph C. Locastro, vice president, Commercial Factors Corporation, chairman of the executive committee. Nelson B. Hazeltine was re-elected secretary and treasurer.

## **22 in Company Finish Course of Credit Institute as a Unit**

Twenty-two employees of International Latex Corporation, Playtex Park, Dover, Delaware, have satisfactorily completed the National Institute of Credit correspondence course, "Credit and Collection Principles." Thirteen received final grades of 90 per cent or higher. Top performer with 99 per cent was H. Robert Naftzinger.

Arrangements for taking the course as a group, starting last May, were made by Harry W. Binder, general credit manager.

## **FBI Society's Award Goes To M. J. Davis, Outgoing Leader**

The Society of Former Special Agents of the Federal Bureau of Investigation, Inc., presented the society's award of merit to Mortimer J. Davis for most outstanding service in the past year. The presentation was made at the banquet closing the society's annual convention, in Detroit. Mr. Davis, executive vice president of the New York Credit & Financial Management Association, had been elected president of the society at its first national convention in Chicago the previous year.





**M. D. Ryan, Banker, Heads New Westchester Unit, N. Y. Assn.**

The newly organized Westchester County Division of the New York Credit & Financial Management Association has elected as chairman Martin D. Ryan, vice president of the National Bank of Westchester, White Plains, N. Y. D. J. Mastellón, vice president, County Trust Company, White Plains, has been named vice chairman.

Many of the most widely known business concerns of the country compose the Westchester unit, among them General Foods, Anaconda Wire & Cable, Esso Standard, McKesson & Robbins, Nestle Co., Yale & Towne Mfg. Co.

William R. Dunn, general credit manager, General Foods Corporation, and president of the New York association, was instrumental in the formation of the new division.

Mr. Ryan has been vice president with the National Bank and its predecessor, the Peoples National Bank & Trust Company, for 23 years. He is past president of the Grand Jurors Association of Bronx County, a director of the Catholic Big Brothers of New York, and a member of the Robert Morris Associates.

#### **Personal Side of Credit Gets Play at Ohio Valley Regional**

"No flood ever liquidated a man's character or the character of a business. It does not liquidate the 'know-how' of conducting a business; all it liquidates is capital, and capital can be reaccumulated if the individual or the business is given an opportunity." Emphasizing the test of character in the credit risk, keynote speaker Henry H. Heimann, executive vice president

of the National Association of Credit Men, joined with authorities in the field of human relationships to focus on the theme "The Personal Element in Credit," which drew several hundred executives to Pittsburgh for the annual two-day Ohio Valley Regional Conference.

A panel discussion on Thursday afternoon had as subject "Increasing Capacity of the Credit Manager," with Joseph J. McGovern, regional manager, treasury department, United States Steel Corporation, Pittsburgh, as moderator, and these speakers: C. F. Gilbert, vice president and general manager, Westinghouse Credit Corporation, Pittsburgh, on "Appliance Dealer and TV Financing—What the Manufacturer Should Do About It"; Frank K. Griesinger, assistant treasurer, The Lincoln Electric Company, Cleveland, "Credit Implications of Long Term Leasing"; and Sterling L. Wandell, vice president, The Fidelity Trust Company, Pittsburgh, "Bank Financing of Smaller and Medium-Sized Business".

J. D. A. Morrow, president, Joy Manufacturing Company, Pittsburgh, discussed the "Human Element in Management", in his dinner address. Industry Group sessions were held on Friday morning, with a report from the Group sessions in the afternoon under chairman Robert R. Geisler, Dravo Corporation, Pittsburgh.

"Getting Along with People" was the subject of Friday luncheon speaker Dwight L. Allen, vice president, Federal Reserve Bank of Cleveland.

Members of 18 associations participated in the conference. I. L. Hillman, assistant treasurer and general credit manager, Dravo Corporation, was general conference chairman. H. P. MacDonald, assistant treasurer, assistant secretary and credit manager, Westinghouse Electric Corporation, is president of The Credit Association of Western Pennsylvania, host association.

Following the conference, the Pittsburgh Credit Women's Group was hostess to the Midwest Credit Women's Conference, chairman Eleanor Cooper, manager, Jessop Steel Company, Pittsburgh.

*Behold the turtle! He makes progress only when he sticks his neck out.*

—Anonymous

# *Register*

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**DATES FOR 1956**

**Stanford University: July 8-21**

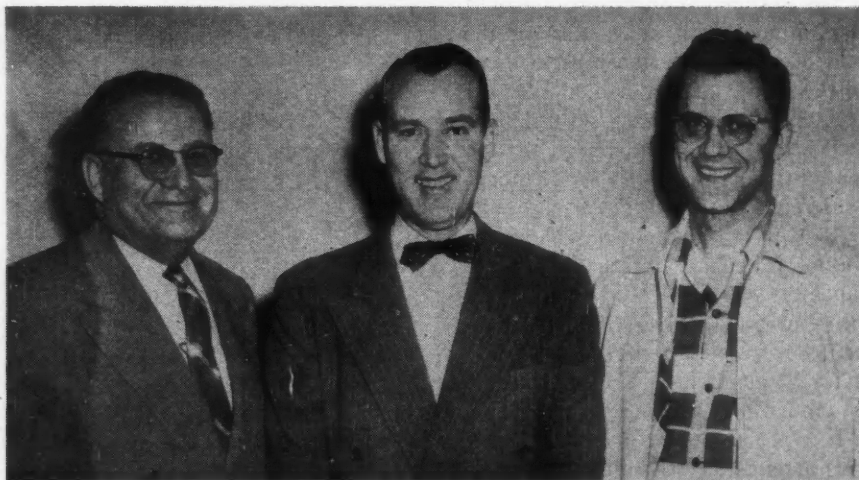
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THEY'LL CHART COURSE of fledgling unit—Elected officers of the newly formed Wichita Falls (Tex.) Wholesale Credit Managers Association (l to r): J. Leslie Nikkel, Auto Spring and Supply Co., president; Leon A. Yates, Clowe & Cowan, Inc., vice president; and Harold M. Bristol, Hornsby Heavy Hardware Co., treasurer. Harold K. Dudley, Wichita Falls Chamber of Commerce, is secretary.

### Wichita Falls, Texas, Unit Is Formed; Nikkel Heads It

In a ceremony marking the presentation of the charter to the newly formed Wichita Falls, Texas, Wholesale Credit Managers Association, national and divisional credit representatives joined with officers and members of the unit. J. Leslie Nikkel, Auto Spring & Supply Company, is president of the association; Leon A. Yates, Clowe & Cowan, Inc., vice president; Harold M. Bristol, Hornsby Heavy Hardware Co., treasurer, and Harold K. Dudley, of the Wichita Falls Chamber of Commerce, is secretary.

W. L. Holmes, assistant treasurer, Schlumberger Well Surveying Corporation, Houston, vice president of the southern division, National Association of Credit Men, formally presented the charter to the group. Sales-credit cooperation for company benefit was stressed by speaker Edwin B. Moran, vice president, N. A. C. M., who outlined principles for positive action in the form of a "Creditman's Ten Commandments." "The proper use of the power of credit can develop more business and actually set the business quota," Mr. Moran told the group.

From Dallas came D. T. Brooks, of the Schlumberger Well Surveying Corporation there, to extend neighborly greetings to the Wichitans. Richard Rancier, Southwestern Drug Corporation, who had been temporary chairman of the association prior to the election, welcomed members and guests.

### Flood and Future Are Topics Of New England Conference

Problems created by flood disasters in the area received special attention at the annual New England district credit conference held in Hartford, Conn.

Hugh Gregg, president of the New England Council and former governor of New Hampshire, speaking at the banquet session on Thursday, had as his theme "The Future of New England." The second day's session included talks by then president of the New Haven Railroad, Patrick B. McGinnis, who discussed the "Economic Outlook for New England", and Benjamin F. Stacy, industrial analyst, Boston.

L. K. Morse, credit manager, Bridgeport Brass Company, a director of the National Association of Credit Men, presided at the Thursday morning session when attorneys T. Holmes Bracken and Horace E. Rockwell of Hartford spoke.

Edwin B. Moran, vice president, N.A.C.M., was speaker at the luncheon meeting, which was presided over by Harry C. Jackson, assistant treasurer, American Hardware Corporation, New Britain. The Wednesday program included a meeting of hardware manufacturers.

Robert P. Stacey, Connecticut chairman of the New England Council, also was a banquet speaker.

Leo Mayo, controller and director of methods, Connecticut Light & Power Company, and Herbert C. Schick, secretary-treasurer, Torrington Mfg. Co., were co-chairmen.

### Politics Disregards Inflation, Heimann Tells Insurance Men

In a political economy the consequence of inflationary or synthetic programs is "disregarded and all but forgotten," though "the doctrines and practices lead to much future trouble and may plague us for years," said Henry H. Heimann, executive vice president, National Association of Credit Men, pointing out the implications of an election year to members of the American Mutual Alliance assembled in Chicago for their annual meeting.

"The nation's interest stood foremost in the political philosophy of our grandfathers' day; in today's political economy the national interests frequently are lost sight of as they give way to a philosophy of benefits to individuals or groups," Mr. Heimann told the insurance executives.

"If it seems politically judicious to make money cheap and plentiful, we shall have an abundance of cheap money. If expansion of social security benefits will make more votes, the benefits will be given. If a tax reduction is a political asset, it will be legislated, whether or not we balance our budget. If large farm subsidies will please the farmers, they too will receive consideration, irrespective of costs. If it's an abundance of credit we need, we shall have more synthetic credit."

Governor Arthur B. Langlie, of Washington, luncheon speaker, presented details of his state's effective program for cutting traffic deaths and injuries.

Coercion of insurance coverage by money lenders and others was the subject of Edward A. Foote, first assistant in the antitrust division of the U. S. Department of Justice, Washington, D. C. Mr. Foote discussed mortgage insurance tie-ins and related antitrust problems. Among other topics considered by speakers and panelists at the three-day sessions were: current trends in casualty insurance, industrial research into hearing loss, atomic energy, reinsurance and accident and health insurance advertising.

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*An adult is a man who has stopped growing at both ends, but not in the middle.*

—Anonymous

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## Conferees Temper Optimism with Pleas For Sound Credit Practices This Year

Reflecting the comment by an editor-publisher that "all credit men are, by necessity, realists" was the concern of credit and financial leaders for a sound economy based on sound credit philosophy as expressed by speakers at the Southeastern Credit Conference in Jacksonville. They affirmed their optimism for the long pull but cautioned against unsound practices.

A sort of "sobering up process" in 1956 is looked for by Dr. Lloyd B. Raisty, vice president of the Federal Reserve Bank of Atlanta, with fewer record or peak performances than experienced in 1955. The problem facing monetary authorities, Dr. Raisty told the delegates, is threefold: 1) Whether sufficient restraints have already been administered; 2) Whether current expansionary changes are so strong that additional restraints are needed; or 3) Whether they have already gone too far in applying restraints, so that substantial reaction is inevitable.

### Heimann Cites "Vulnerability"

"The long-range outlook cannot be other than for great activity and full employment," noted Henry H. Heimann, executive vice president, National Association of Credit Men, but he pointed to "the vulnerability of our prosperous economy to a temporary setback, due to the rapidity of expansion." The N.A.C.M. leader cautioned against the philosophy of cheap credit. "Sound credit contributes greatly to an orderly business expansion; unsound credit leads to inflation and collapse." He urged that "governments practice some of the credit principles in governmental affairs that they are asking their citizens to adopt." For example, "the cost of government has gotten 'way out of hand.'"

Seeing "a good omen in the concern of all persons of responsibility in today's economy," Paul J. Viall, president of the National Association of Credit Men, reiterated his belief in a continued upward trend, though it will be tempered by breathing spells or adjustments from time to time. "Progress never is by a straight line," the treasurer of the Chatta-

nooga Medicine Company told the delegates. He cited the "tremendously expanded long-term economic potential inherent in our total disposable personal income (tripled between 1929 and 1953) and national output of goods and services when related to our growing population, the development of our plant facilities, and the sound thinking and ability of the individuals who manage the currency."

### Industry Groups Meet

Industry Groups which met during the three-day conference included the grocery, drug, building, automotive, petroleum, hardware and dry goods fields. A Credit Women's Group luncheon was presided over by Mrs. Alma Raines, General Electric Supply Company, Jacksonville.

"The Philosophy of a Country Banker" was the topic of Henry C. Coleman, president, Daytona Beach

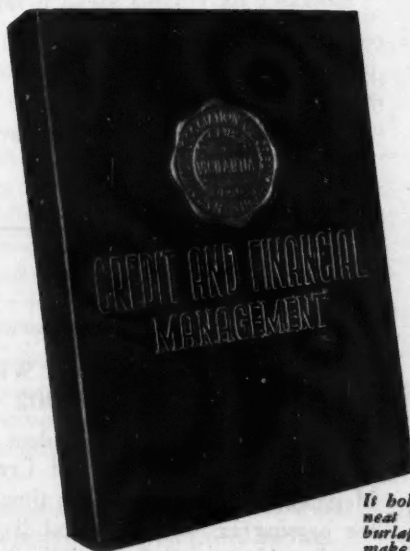
*The greatest secret of getting along with people is to treat all disasters as incidents, and none of the incidents as disasters.*

—The Atlantic Log

Commercial Bank. Clayton Rand, editor-publisher of the *Dixie Press*, Gulfport, Miss., author of the remark quoted in the opening sentence, also spoke.

Harry L. Krebs, district credit manager, Graybar Electric Company, Jacksonville, immediate past president of the Jacksonville association, was general conference chairman, assisted by A. H. Dunlop, secretary-manager of the N.A.C.M. Jacksonville unit. W. Samuel Wilson, treasurer and assistant secretary, United States Pipe & Foundry Co., Birmingham, a national director of the Association, and W. L. Holmes, assistant treasurer, Schlumberger Well Surveying Corporation, Houston, vice president, N.A.C.M. southern division, were speakers at the Friday session.

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## CALENDAR OF EVENTS IMPORTANT TO CREDIT

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### SEATTLE, WASHINGTON

*March 15-16*

Annual Northwest Credit Conference, comprising Washington, Oregon, Idaho

### BROOKLINE, MASSACHUSETTS

*March 28-29-30*

Credit Management Workshop

### CINCINNATI, OHIO

*May 10-11*

Annual Conference of N.A.C.M. Secretary-Managers

### CINCINNATI, OHIO

*May 13-17*

60th Annual Credit Congress and Convention, National Association of Credit Men

### STANFORD, CALIFORNIA

*July 8-21*

Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management.

### HANOVER, NEW HAMPSHIRE

*August 5-18*

Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management.

### BRAINERD, MINNESOTA

(Pelican Lake)

*September 6-7-8*

North Central Credit Conference, including Minnesota, North Dakota and Winnipeg

### SOUTH BEND, INDIANA

*September 14*

Northern Indiana and Southern Michigan Credit Conference

### WATERLOO, IOWA

*September 19-20-21*

Tri State Credit Conference, comprised of Iowa, Nebraska and South Dakota

### FOND DU LAC, WISCONSIN

*October 9*

Wisconsin—Upper Michigan Annual Credit and Business Conference

### ST. LOUIS, MISSOURI

*October 17-18-19*

Tri-State Annual Credit Conference, including Kansas, Missouri and Southern and Western Illinois

### ROCHESTER, NEW YORK

*October 18-19-20*

Tri-State Conference, including New York State, New Jersey and Eastern Pennsylvania

### LOS ANGELES, CALIFORNIA

*October 25-26*

Pacific Southwest Annual Credit Conference

### TOLEDO, OHIO

*October 25-26*

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, and Eastern Michigan

### TOLEDO, OHIO

*October 26-27-28*

Midwest Credit Women's Conference

### HOUSTON, TEXAS

*November 8-9-10*

All-South Credit Conference, covering Entire Southern Division

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## Deaths

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### J. A. Lewis, Bank Officer, Was St. Louis President in 1902

John A. Lewis was president of the St. Louis Association of Credit Men, 1902-03, and up to the time of his passing he was the oldest living past president of the association. He had been affiliated with Continental National Bank and National Bank of Commerce.

### E. B. Lung, at Santa Barbara; Retired Secretary Tacoma Assn.

Edward Birchel Lung, for 25 years secretary-manager of the Tacoma Association of Credit Men and the

Wholesalers' Association of Tacoma up to his retirement in 1942, died at the home of a daughter in Santa Barbara, Calif. He was 87.

Born in Camden, N.J., Mr. Lung went to Tacoma in 1891. He was for a time an accountant for a wholesale firm, then operated a mattress factory and was in real estate before going with the credit association.

### C. J. Casey Headed Media Group, 30 Years in Credit

C. J. Casey, manager of credit and collections, St. Louis Globe-Democrat, was a past president of the Media Credit Group in St. Louis and also served in several capacities for the Media International Association. His career in credit spanned three decades.

### R. Hofmann, Prominent In Food Products Group

Word has been received of the passing of Robert Hofmann, co-owner and general sales manager, North Side Packing Company, Pittsburgh. He was a past chairman and a member of the Food Products Credit Group for 20 years, and past Exalted Superzeb of the Pittsburgh Zebras.

### C. W. Bidwell

Charles W. Bidwell, secretary-treasurer, Freeman Paper Company, Green Bay, Wis., is dead.

### W. F. Gay, Dallas

Past president of The Dallas Wholesale Credit Managers' Association, Wilbur F. Gay died in California, where he had been living since his recent retirement from Graybar Electric Company, Dallas. He headed the Dallas association in 1941-42.

### T. G. McCausland

T. G. McCausland, Bakersfield (Calif.) office manager for J. P. Butler, Long Beach, died of a heart attack.

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*Congressmen are discovering that a tax is about as easy to slap on as a coat of paint, and about as hard to take off.*

—Changing Times

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J. J. FITZPATRICK



C. E. ROWE

## Executives in the News



F. J. PARTRIDGE, JR.



J. N. BRYAN



H. B. MILLER



J. T. SHEPLER

### **From War Service in Pacific To Firm's Credit Manager**

It is not to be wondered at that a Navy man with four years of service, two of them with the amphibious forces in the Solomon Islands, should be interested in promotion of facilities for the health and welfare of crippled children. So with J. Nelson Bryan, then chief petty officer, now credit manager and assistant secretary-treasurer of Keith, Simmons Company, Inc., Nashville, and president of the Nashville Association of Credit Men.

Mr. Bryan became interested in credit work while employed in the branch of The International Harvester Company. After war service he became credit manager of Clark Hardware Company, jobber. He resigned to join Buford Brothers, Inc.

### **He'll Not Forget His Old Erin Though Rochester's Home Now**

From New York City, his birthplace, John J. Fitzpatrick went to Ireland for a nine-year stay, then re-

turned to work and serve, in the best traditions of both countries. In the Graybar Electric Company, whose employ he entered 28 years ago, Mr. Fitzpatrick has advanced from shipping clerk to branch operating manager, his present post. He recently was elected president of the Rochester (N.Y.) Credit and Financial Management Association. He also served as president of the Rochester Credit Men's Service Corporation. He entered military service in 1941 and at release in 1946 was captain, anti-aircraft artillery; is now a member of the active Army Reserve. A graduate of the College of the City of New York, he was student council president.

### **New Secretary-Treasurer Has Had a Long Career in Textiles**

C. EUGENE ROWE, who has joined Dan River Mills, Inc., Danville, Va., as secretary and treasurer, has had a long career in the textile field. From 1935 to 1953 he was with the Burlington Mills organization, becoming controller in 1946, and was company treasurer from 1947 to 1953. Most recently he has been controller of Baldwin Piano Company, Cincinnati. He is a graduate of Virginia Polytechnic Institute and has done advanced management work at Harvard University Graduate School of Business Administration.

### **Kansas Executive Did Credit Reporting, Aptitude Testing**

"Let not one bright hour be wasted," might be the creed of Fred J. Partridge, Jr., the new president of the N.A.C.M. Great Plains Units, Inc., Wichita. At the University of Wichita, activities included Alpha Gamma, student forum, university players, debating, political and Newman clubs. The past nine years of business experience of Mr. Partridge, credit and

office manager and chief accountant with Bemis Brother Bag Company, range from mental and aptitude testing for the U.S. Employment Service to credit investigation and reporting for Dun & Bradstreet. He also was internal auditor and contract terminations analyst, Boeing Airplane Co. Memberships include the National Association of Office Managers and National Association of Cost Accountants. An ardent booster of Florida fishing.

### **Law, Topographical Drafting Lead to Portland Credit Post**

James T. Shepler, president of the Portland Association of Credit Men, is a genuine son of the West. Educated in Portland's public and technical schools, Mr. Shepler later entered Northwestern College of Law but was compelled to withdraw after three years to go into business. Five years as topographical draftsman in a trust company provided valuable training for duties later on. Twenty-five years ago Mr. Shepler assumed the manifold responsibilities connected with office and credit management for Dohrmann Hotel Supply Company, his employer today. He is active in civic and fraternal affairs; enjoys hunting and fishing in Oregon's storied mountains and streams.

### **Credit Progress Basic Goal of Michigan Unit President**

Enthusiasm for credit progress, plus the creed that "there is always work, and tools to work withal, for those who will," keeps Harry B. Miller, recently elected president of the N.A.C.M. Southwestern Michigan Chapter, Kalamazoo, a busy man. For the last 15 years with Atlas Press Company, Mr. Miller advanced from accounts receivable supervisor to office manager, credit manager and assistant treasurer.



# Reports from the Field

NEWARK, N. J.—Philip J. Gray, secretary, National Association of Credit Men, and director of its foreign department, addressed the New Jersey Association of Credit Executives, meeting in Clifton.

AKRON, OHIO—Robert M. Wheeler, chairman of the information committee, Akron Development Committee, and classified advertising manager of the *Beacon Journal*, was guest speaker before the Akron Association of Credit Men.

ST. LOUIS, MO.—The Quincy (Ill.) unit of the St. Louis Association of Credit Men had Ralph E. Brown, vice president, Marsh & McLennan, Inc., St. Louis, National director, as guest speaker. His subject was "Insurance from the Creditor's Viewpoint."

MUSKEGON, MICH.—"Danger Signals in Small Business" was the topic of D. G. Crowe, reporting service manager, Dun & Bradstreet, Inc., at the meeting of the Muskegon Chapter, N.A.C.M.

YOUNGSTOWN, OHIO—Successive speakers at meetings of the Youngstown Association of Credit Men were David W. Grainger, Ohio Leather Co., whose talk on industrial and commercial uses of leather was accompanied by a film; and Louis A. Tobin, probate court judge, who had for his theme "Juvenile Court—Today; Credit Risks—Tomorrow."

DENVER, COLO.—For its 59th birthday observance, The Rocky Mountain Association of Credit Men had as principal speaker Henry H. Heimann, executive vice president, National Association of Credit Men.

SPRINGFIELD, MASS.—"Problems of Small Business In Our Present Economy" was the subject of A. L. Lawrence, treasurer, H. B. Smith Co., Westfield, at the dinner meeting of the Western Massachusetts Association of Credit Executives, Inc. Mr. Lawrence is immediate past president of the Smaller Business Association of New England.

PHILADELPHIA, PA.—"A Searching Look at Credit Management" touched off a keen analysis by Robert P. Brecht, professor of industry, chairman of geography and industry department, Wharton School of Finance & Commerce, University of Pennsylvania. Dr. Brecht, who also is impartial chairman of the Philadelphia Knitted Outerwear Industry, spoke at the luncheon meeting of The Credit Men's Association of Eastern Pennsylvania.

MILWAUKEE, WIS.—The National Institute of Credit, Milwaukee Chapter, at successive monthly meetings heard Harold C. Watson, vice president, Baerwald Hoffman & Co.; George W. Cloos, economist, Federal Reserve Bank of Chicago, and Harry J. Hayes, attorney.

A film "Direct Line to Decision," depicting the push-button office, was presented by C. W. Connell, electrical engineer, International Business Machines Corporation, at a noon luncheon meeting of the Milwaukee Association of Credit Men.

OMAHA, NEBR.—The insurance meeting of The Omaha Association of Credit Men was addressed by specialists W. J. Gissendanner, manager, North Central Compensation Rating Bureau, Des Moines, who discussed "Assigned Risk Insurance Plan for Nebraska and Iowa"; Sam Starrett, Guarantee Mutual Life Insurance Co., on the "Problem of Key Man Life Insurance in a Business"; and J. Barker, Foster Barker Co., whose subject was "New Package Insurance Coverages for Home Owners."

SOUTH BEND, IND.—The Rev. Edward A. Keller, professor of eco-

nomics, University of Notre Dame, consulting economist for the American Economic Foundation and other associations, addressed the meeting of the N.A.C.M. St. Joseph Valley Chapter.

PITTSBURGH, PA.—A joint luncheon meeting of the Sales Executives Club of Pittsburgh and The Credit Association of Western Pennsylvania had as principal speaker E. B. Moran, vice president, National Association of Credit Men. Mr. Moran spoke on "Credit—the Other Half of the Sale."

The Pittsburgh credit association sponsored the opening meeting of the Institute for Small Manufacturers. H. P. MacDonald, Westinghouse Electric Corp., president of the association, headed a panel titled "How Suppliers' Credit Helps the Smaller Manufacturer."

## PARTICIPANTS IN TAX STUDY (See p. 8)

ROBERT R. BARTLETT, credit manager, L. P. Muller & Co., Philadelphia, after majoring in accounting in the Wharton School, University of Pennsylvania, and at Johns Hopkins University in Baltimore, served several companies before joining the Muller staff in 1952. He is active in the New York Credit & Financial Management Association. Muller distributes cotton sales yarn.

CHAUDON CALLAWAY, JR., past president of the National Association of Credit Men (elected at Atlantic City 1949), has maintained over the years a closely knit interest in the progress of National as well as the Chattanooga association. He joined the Crystal Springs Bleachery, Inc., at Chickamauga, Ga., in 1925 as auditor, and became treasurer in 1933. He is a director of the Bank of Chickamauga.

FORREST S. DAYTON, credit manager, Cone Mills, Inc., New York, N. Y., started in business as office boy at American Trading Co., at \$5 a week, became credit manager and assistant to the treasurer. He was assistant treasurer and credit manager of Bates Fabrics, Inc., when he left to join Cone Mills. Organization posts include: a director, New York Credit & Financial Management Association and Downtown Textile Credit Group (president of the last-named 1952-54).

PAUL E. GEORGE, financial and legal relations manager, Columbian Rope Co. and subsidiaries, Auburn, N. Y., holds a law degree from George Washington University and an accountancy degree from Benjamin Franklin "U." He received the Executive Award of the N.A.C.M. Graduate School of Credit & Financial Management, Dartmouth, in 1953 and is now assistant director.

J. L. KAISER is completing 21 years with Dan River Mills, Inc., New York, credit manager since May 1947. Graduate of New York University school of commerce, accounts and finance, he has been president of the Textile Credit Associates; director, New York Credit & Financial Management Association; is first vice president, New York Credit Men's Adjustment Bureau, Inc.; vice president, Downtown Textile Credit Group, Inc.; chairman, finance committee, Uptown Credit Group, Inc., and is serving a second term on its executive committee.

SIDNEY A. STEIN, president of Congress Factors Corp., New York, is a vice president of the New York Credit & Financial Management Association; reelected president of Credit Men's Fraternity, Inc.; chairman, textile executive committee of the N.A.C.M. Fraud Prevention Department; past executive chairman and now a director, Uptown Credit Group; past president, Toppers Credit Club; a director, New York Credit Men's Adjustment Bureau, Inc., and the Young Presidents' Organization, Inc. Graduate of St. Johns University Mr. Stein holds the degrees of bachelor and master of laws.





# New Shoes!

**Americans are the best-shod people in the world. Read how banks help.**

About six months ago the "Mary Janes" above were the flanks of a Hereford calf.

To ready them for a party took the combined resources of tanners, manufacturers, retailers and a whole squad of bankers.

## What banks do

Before it's fitted snugly to your foot, a shoe is well-heeled with bank loans. The reason why goes briefly like this. The tremendous ingenuity developed by American shoe manufacturers is largely channeled into making an almost unlimited selection of rugged, inexpensive shoes. This requires mass production. Mass production requires ready money, and bank loans are one good way to meet that requirement.

Bank loans help tanners buy up hides and process them. Bank loans, in turn, help shoe manufacturers stockpile great quantities and varieties of leather. They frequently free working capital for factory expansion and experimentation with new types of footwear. In the retail area, bank loans often help finance shoe store construction. Finally they help your dealer stock a shoe style and a size for practically every man, woman and child.

## Working money

As you can see, bank help to the shoe industry means better fitting, more sturdy shoes for you. But it means more than that.

Bank help to the shoe business, or any other successful home-grown enterprise,

means that competitive banking has put the community's idle funds to work. It follows that money at work means jobs for men and women, profits for investors and enterprising manufacturers... and a high standard of living for Americans. The Chase Manhattan Bank of New York, a leader in loans to American industry, is proud of the contribution banking has made and is making to the progress of our country.

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CHASE  
MANHATTAN  
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inventory financing*



Under the Douglas-Guardian Plan a manufacturer can create credit wherever his inventory is located, in as many locations as he has distributors.

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For a manufacturer, the Douglas-Guardian Plan shortens the time between shipments and payments. It helps keep his cash balance stabilized and cuts credit risks to a minimum.

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